

**ALLIANZ MALAYSIA BERHAD (12428-W)**

UNAUDITED QUARTERLY RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

## ALLIANZ MALAYSIA BERHAD (12428-W)

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### Condensed consolidated statement of financial position as at 31 December 2013 - unaudited

	31 December 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>		
Property, plant and equipment	116,486	111,727
Intangible assets	325,327	288,037
Investment properties	5,600	4,962
Deferred tax assets	18,083	6,255
Reinsurance assets	1,266,703	1,170,471
Investments	7,977,494	6,826,218
Deferred acquisitions costs	68,881	59,315
Insurance receivables	163,041	144,569
Other receivables, deposits and prepayments	175,368	116,373
Current tax assets	3,363	4,242
Cash and cash equivalents	638,415	458,317
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<b>Total assets</b>	<b>10,758,761</b>	<b>9,190,486</b>
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The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of financial position  
as at 31 December 2013 - unaudited (continued)**

	<b>31 December 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Equity</b>		
Share capital	160,752	158,636
Irredeemable Convertible Preference Shares ("ICPS")	185,454	187,570
Reserves	1,677,976	1,494,580
<b>Total equity attributable to owners of the Company</b>	<b>2,024,182</b>	<b>1,840,786</b>
<b>Liabilities</b>		
Insurance contract liabilities	7,770,112	6,562,995
Derivative financial liabilities	20,950	-
Other financial liabilities	3,612	3,853
Insurance payables	337,234	328,933
Other payables and accruals	351,786	242,555
Benefits and claims liabilities	117,858	84,813
Deferred tax liabilities	127,174	115,147
Current tax liabilities	5,853	11,404
<b>Total liabilities</b>	<b>8,734,579</b>	<b>7,349,700</b>
<b>Total equity and liabilities</b>	<b>10,758,761</b>	<b>9,190,486</b>
<b>Net asset per ordinary share (RM)</b>	<b>12.59</b>	<b>11.60</b>
<b>Diluted net asset per ordinary share (RM)</b>	<b>5.85</b>	<b>5.32</b>

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

**ALLIANZ MALAYSIA BERHAD (12428-W)**
**Condensed consolidated statement of profit or loss  
For the year ended 31 December 2013 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended 31 December		Twelve months ended 31 December	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Operating revenue *		931,850	849,755	3,649,389	3,147,599
Gross earned premiums		846,398	777,077	3,330,255	2,875,329
Premiums ceded to reinsurers		(31,698)	(145,040)	(475,842)	(552,683)
<b>Net earned premiums</b>		<b>814,700</b>	<b>632,037</b>	<b>2,854,413</b>	<b>2,322,646</b>
Investment income	4	85,452	72,678	319,134	272,270
Realised gains and losses	5	5,279	1,801	64,005	44,948
Fair value gains and losses	6	(27,147)	(1,789)	(72,857)	12,887
Fee and commission income		21,858	28,627	94,184	103,687
Other operating income		3,417	2,768	13,180	7,660
<b>Other revenue</b>		<b>88,859</b>	<b>104,085</b>	<b>417,646</b>	<b>441,452</b>
Gross benefits and claim paid		(326,849)	(257,840)	(1,273,418)	(1,100,898)
Claims ceded to reinsurers		63,773	61,912	253,875	265,356
Gross change to contract liabilities		(320,820)	(250,948)	(924,206)	(788,493)
Change in contract liabilities ceded to reinsurers		12,518	15,866	(27,905)	(10,312)
<b>Net benefits and claims</b>		<b>(571,378)</b>	<b>(431,010)</b>	<b>(1,971,654)</b>	<b>(1,634,347)</b>
Fee and commission expense		(149,765)	(143,411)	(535,418)	(479,642)
Management expenses		(106,848)	(94,381)	(400,024)	(338,382)
Other operating expenditure		(6,943)	(2,394)	(25,732)	(13,948)
<b>Other expenses</b>		<b>(263,556)</b>	<b>(240,186)</b>	<b>(961,174)</b>	<b>(831,972)</b>
<b>Profit before taxation</b>	7	<b>68,625</b>	<b>64,926</b>	<b>339,231</b>	<b>297,779</b>
Tax expense	8	(20,752)	(20,869)	(101,310)	(90,174)
<b>Profit for the year</b>		<b>47,873</b>	<b>44,057</b>	<b>237,921</b>	<b>207,605</b>

\* Operating revenue consists of gross earned premiums and investment income.

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

**ALLIANZ MALAYSIA BERHAD (12428-W)**
**Condensed consolidated statement of profit or loss and other comprehensive income  
For the year ended 31 December 2013 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended 31 December		Twelve months ended 31 December	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
<b>Profit for the year attributable to owners of the Company</b>		47,873	44,057	237,921	207,605
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation of property, plant and equipment		-	-	-	19,456
Tax effects thereon		-	-	-	(4,863)
		-	-	-	14,593
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value of available-for-sale ("AFS") financial assets		(18,002)	(1,540)	(42,937)	(1,727)
Tax effects thereon		4,509	389	10,752	418
		(13,493)	(1,151)	(32,185)	(1,309)
<b>Total other comprehensive (loss)/income for the year, net of tax</b>		(13,493)	(1,151)	(32,185)	13,284
<b>Total comprehensive income for the year</b>		34,380	42,906	205,736	220,889
Profit attributable to: Owners of the Company		47,873	44,057	237,921	207,605
Total comprehensive income for the year attributable to: Owners of the Company		34,380	42,906	205,736	220,889
<b>Basic earnings per ordinary share (sen)</b>	12	30.12	28.10	149.24	132.21
<b>Diluted earnings per ordinary share (sen)</b>	12	11.87	11.55	58.94	54.41

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.



**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of cash flow  
For the year ended 31 December 2013 - unaudited**

	Year ended 31 December 2013 RM'000	Year ended 31 December 2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	339,231	297,779
Investment income	(319,134)	(272,270)
Realised loss recorded in profit or loss	(64,005)	(44,922)
Fair value gain/(loss) on investments recorded in profit or loss	68,998	(20,546)
Purchases of financial investments	(2,476,432)	(2,389,114)
Maturity of financial investments	408,028	390,760
Proceeds from sale of financial investments	920,024	865,705
Change in loans and receivables	(3,816)	(9,987)
Non-cash items:		
Change in fair value of investment properties	(638)	(1,230)
Change in fair value of AFS financial assets	(34,709)	(38,073)
Unrealised foreign exchange gain/(loss)	2,552	(125)
Depreciation of property, plant and equipment	13,389	12,179
Amortisation of intangible assets	15,167	11,442
Gain on disposal of property, plant and equipment	-	(26)
Impairment loss on financial investments	4,497	8,889
Interest expense	4,309	1,953
Property, plant and equipment written off	17	102
Insurance and other receivables:		
- Impairment loss written off	1,055	982
- Allowance for impairment loss	(1,314)	(1,210)
- Impairment loss recovered	(194)	(373)
<b>Operating loss before changes in working capital</b>	<b>(1,122,975)</b>	<b>(1,188,085)</b>
Changes in working capital:		
Change in reinsurance assets	(96,232)	(16,320)
Change in insurance receivables	(18,157)	(26,570)
Change in other receivables, deposits and prepayments	(1,426)	(14,233)
Change in insurance contract liabilities	1,207,117	934,755
Change in deferred acquisition costs	(9,566)	(9,648)
Change in other financial liabilities	(241)	(399)
Change in insurance payables	8,301	45,751
Change in other payables	(2,276)	39,761
Change in benefits and claims liabilities	33,045	16,240
<b>Cash used in operations</b>	<b>(2,410)</b>	<b>(218,748)</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of cash flow  
For the year ended 31 December 2013 - unaudited**

	Year ended 31 December 2013 RM'000	Year ended 31 December 2012 RM'000
<b>Cash flows from operating activities (continued)</b>		
Tax paid	(98,043)	(75,477)
Dividend received	26,848	20,862
Coupon interest received	293,564	251,189
	<hr/>	<hr/>
<b>Net cash from/(used in) operating activities</b>	219,959	(22,174)
	<hr/>	<hr/>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	593	605
Acquisition of property, plant and equipment	(20,051)	(13,372)
Acquisition of intangible assets	(51,164)	(416)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(70,622)	(13,183)
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<b>Cash flow from financing activities</b>		
Dividends paid	(22,340)	(18,115)
Proceeds from holding company	54,300	-
Payment of loan interest to holding company	(1,155)	-
Repayment of finance lease liabilities	(44)	(103)
	<hr/>	<hr/>
<b>Net cash from/(used in) financing activities</b>	30,761	(18,218)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	180,098	(53,575)
Cash and cash equivalents at 1 January	458,317	511,892
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<b>Cash and cash equivalents at 31 December</b>	<b>638,415</b>	<b>458,317</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents comprise:-</b>		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	591,987	435,327
Cash and bank balances	46,428	22,990
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	<b>638,415</b>	<b>458,317</b>
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The accompanying Notes form an integral part of these condensed consolidated interim financial statements.



**Part A: Explanatory notes to the condensed consolidated interim financial statements****1. Basis of preparation**

These condensed consolidated quarterly financial statements ("Report") of Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries (AMB and its subsidiaries are collectively referred to as the "Group") as at and for the year ended 31 December 2013 have been prepared in accordance with:

- (a) The requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and with IAS 34: Interim Financial Reporting; and
- (b) Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Report does not include all of the information required for disclosure in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

**2. Changes in accounting policies**

At the date of authorisation of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>MFRS, Amendments to MFRS and IC Interpretation</b>		<b>Effective date</b>
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosures of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Asset and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
MFRS 9	Financial Instruments (2009)	1 January 2015
MFRS 9	Financial Instruments (2010)	1 January 2015
Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2014.

Material impacts of initial application of a standard or an amendment are as below:

**MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon the adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

## ALLIANZ MALAYSIA BERHAD (12428-W)

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### 3. Items of an unusual nature

The results of the Group for the financial year under review were not substantially affected by any item, transaction or event of a material and unusual nature.

### 4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the financial year ended 31 December 2013.

### 5. Seasonal or cyclical factors

The operations of the Group for the financial year under review were not significantly affected by seasonality or cyclical factors.

### 6. Property, plant and equipment

The Group's property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses if any. There were no changes in the valuation of property, plant and equipment that were brought forward from the Group's audited financial statements for the year ended 31 December 2012.

### 7. Changes in group composition

There were no changes in the composition of the Group during the financial year under review.

### 8. Capital commitments

#### As at 31 December 2013

Property, plant and equipment:  
Approved but not contracted for  
Contracted but not provided for

Group  
RM'000

62,563  
6,488

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### 9. Related party transactions

Significant related party transactions are as follows:

	Transactions value Twelve months ended 31 December	
	2013 RM'000	2012 RM'000
<b>Related companies*</b>		
Reinsurance premium and commission	(242,400)	(253,096)

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\* Related companies are companies within the Allianz SE Group.

### 10. Changes in contingent liabilities

There were no contingent liabilities as at the date of the Report.

### 11. Debt and equity securities

There were no issuance and repayment of debts and equity securities, shares buy backs, shares cancellations, shares held as treasury shares and resale of treasury shares by the Group during the financial year under review.

### 12. Subsequent events

There were no material events subsequent to the end of the financial year under review that have not been reported in the Report.

## ALLIANZ MALAYSIA BERHAD (12428-W)

### 13. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Chief Executive Officer of the Company reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Principal activities
Investment holding	Investment holding
General business	Underwriting of all classes of general insurance business
Life business	Underwriting of all life insurance and investment-linked business

#### Information about reportable segments

For the year ended 31 December 2013 - unaudited

	Investment holding		General business		Life business		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	11,221	10,383	1,838,088	1,658,634	1,800,080	1,478,582	3,649,389	3,147,599
Inter-segment revenue	(46,832)	(4,176)	-	-	-	-	(46,832)	(4,176)
Segment (loss)/profit	(1,115)	9,384	258,250	215,918	82,096	72,477	339,231	297,779
Segment assets	415,093	338,552	4,819,319	4,251,890	5,524,349	4,600,044	10,758,761	9,190,486
Segment liabilities	65,711	9,821	3,467,585	3,020,065	5,201,283	4,319,814	8,734,579	7,349,700

**14. Dividend paid**

The first and final dividend of 6.50 sen per ordinary share less 25% tax (2012: 5.25 sen less 25% tax) and a preference share dividend of 7.80 sen (2012: 6.30) per ICPS under single tier system amounting to RM22,339,824 for the financial year ended 31 December 2012 were paid on 6 August 2013 to the entitled ordinary shareholders and ICPS holders of the Company, whose names appeared on the Register of Members and/or Record of Depositors on 15 July 2013.

**Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities**

**1. Review of results**

**1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD Fourth Quarter 2013 versus YTD Fourth Quarter 2012)**

**Operating revenue**

The Group recorded an operating revenue of RM3.65 billion for the financial year ended 31 December 2013, an increase of 15.9% or RM501.8 million as compared to the preceding financial year ended 31 December 2012 of RM3.15 billion due to higher gross earned premiums and investment income by RM455.0 million and RM46.8 million respectively.

The general insurance operations recorded an operating revenue of RM1.84 billion for the financial year ended 31 December 2013, an increase of 10.8% or RM179.5 million as compared to the preceding financial year ended 31 December 2012 of RM1.66 billion due to the increase in gross earned premiums and investment income by RM164.6 million and RM14.9 million respectively.

The increase in gross earned premiums of the general insurance operations was due mainly to improved sales from agency and franchise channels. The higher investment income derived from bigger investment base.

The life insurance operations recorded an operating revenue of RM1.80 billion for the financial year ended 31 December 2013, an increase of 21.7% or RM321.5 million as compared to the preceding financial year ended 31 December 2012 of RM1.48 billion due to the increase in gross earned premiums and investment income by RM290.2 million and RM31.3 million respectively.

The increase in gross earned premiums of the life insurance operations was attributable to premium growth across all distribution channels, higher renewal premium from agency sales and single premium product sales through bank partner. The higher investment income was due mainly to a bigger investment base.

**Profit before tax**

The Group recorded a profit before tax of RM339.2 million for the financial year ended 31 December 2013, an increase of 13.9% or RM41.4 million as compared to the preceding financial year ended 31 December 2012 of RM297.8 million.

General insurance operations contributed to most of the profit and recorded a profit before tax of RM258.3 million for the financial year ended 31 December 2013; an increase of 19.6% or RM42.4 million as compared to the preceding financial year ended 31 December 2012 of RM215.9 million. The higher profit was due mainly to higher net earned premiums and a stable combined ratio for the financial year under review, generating an underwriting profit of RM159.4 million as compared to the preceding financial year ended 31 December 2012 of RM133.4 million.

**1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD Fourth Quarter 2013 versus YTD Fourth Quarter 2012)**

**Profit before tax (continued)**

The life insurance operations recorded a higher profit before tax of RM82.1 million for the financial year ended 31 December 2013; an increase of 13.2% or RM9.6 million as compared to the preceding financial year ended 31 December 2012 of RM72.5 million due mainly to lower insurance contract liabilities arising from higher interest rate.

The investment holding segment registered a loss before tax of RM1.1 million as compared to a profit before tax of RM9.4 million in the preceding year due mainly to amortisation of intangible assets and lower realised gains from investments for the financial year under review.

**1.2 Results of the current quarter against the preceding quarter (Fourth Quarter 2013 versus Third Quarter 2013)**

**Operating revenue**

The Group recorded an operating revenue of RM931.9 million for the quarter under review, a decrease of 3.2% or RM30.4 million as compared to the preceding quarter ended 30 September 2013 of RM962.3 million due mainly to decrease in gross earned premiums by RM32.9 million from both the insurance operations.

The general insurance operations recorded an operating revenue of RM394.1 million for the quarter under review, a decrease of 20.8% or RM103.3 million as compared to the preceding quarter of RM497.4 million due mainly to lower gross earned premiums.

The life insurance operations registered an operating revenue of RM534.8 million for the quarter under review, an increase of 15.7% or RM72.7 million as compared to the preceding quarter of RM462.1 million due mainly to higher gross earned premiums from bancassurance sales.

**Profit before tax**

The Group recorded a profit before tax of RM68.6 million for the quarter under review, a decrease of 30.5% or RM30.1 million as compared to the preceding quarter ended 30 September 2013 of RM98.7 million due mainly to lower profit from life insurance operations.

The profit before tax of general insurance operations for the quarter under review was lower by 26.1% or RM17.3 million as compared to the preceding quarter of RM66.2 million due mainly to higher claims for the quarter under review. The overall net combined ratio for the quarter remains stable.

The profit before tax of life insurance operations for the quarter under review decreased by 39.5% or RM13.0 million as compared to the preceding quarter of RM32.9 million due to higher management expenses for investment in expanding distribution capabilities in the current quarter and lower insurance contract liabilities arising from higher interest rate in the third quarter.

**1.2 Results of the current quarter against the preceding quarter (Fourth Quarter 2013 versus Third Quarter 2013)****Profit before tax (continued)**

The investment holding segment registered a loss before tax of RM0.2 million as compared to loss before tax of RM0.4 million in the preceding quarter due mainly to lower cost incurred in the current quarter.

**2. Prospect for 2014**

The local economy is anticipated to be stable supported by improvement in global economies. However, consumer spending will likely be weaker arising from higher inflations with removal of certain subsidies recently. The insurance sector is anticipated to be increasingly competitive with continued consolidation of the industry. Nonetheless, low insurance penetration rates will continue to provide growth opportunities in the market.

The Group will continue its strategies to improve the competitive position of both the general and life insurance businesses. The general business will continue to enlarge its distribution network and its diversified product portfolio. The life business will focus on growth opportunities from its agency and bank distributions and sales of profitable products. Both the general and life businesses will endeavour to improve operational performance.

The Board is cautiously optimistic that the Group's strategic initiatives will position the Group to achieve its long term goals and continue to yield profitable results for shareholders.

**3. Profit forecast**

The Group did not issue any profit forecast or profit guarantee as at the date of the Report.

**4. Investment income**

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	77,308	67,276	290,582	250,628
Dividend income	6,940	5,683	26,848	20,862
Accretion of discounts	1,013	1,064	3,800	5,187
Rental income	39	47	153	153
Other income	1,709	1,356	6,168	5,303
Amortisation of premiums	(1,557)	(2,748)	(8,417)	(9,863)
	<u>85,452</u>	<u>72,678</u>	<u>319,134</u>	<u>272,270</u>

**ALLIANZ MALAYSIA BERHAD (12428-W)**
**5. Realised gains and losses**

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Realised gains on disposal of investments in debt and equity securities:				
Malaysian government securities	1,162	-	5,699	4,861
Quoted equity securities of corporations in Malaysia	5,966	2,176	57,819	30,195
Quoted equity securities of corporations outside Malaysia	5	-	5	-
Quoted unit trusts in Malaysia	-	1,496	6,956	4,084
Unquoted unit trusts in Malaysia	-	-	-	114
Unquoted unit trusts outside Malaysia	73	-	73	-
Unquoted bonds of corporations in Malaysia	405	-	2,583	5,565
Unquoted debts securities in Malaysia	-	-	-	1,049
Structured deposits	-	-	-	1,763
Realised losses on disposal of investments in debt and equity securities:				
Malaysian government securities	(183)	-	(183)	-
Quoted equity securities of corporations in Malaysia	(47)	-	(4,158)	-
Quoted equity securities of corporations outside Malaysia	(68)	-	(68)	-
Unquoted unit trusts outside Malaysia	(209)	(208)	(1,144)	(1,258)
Unquoted bonds of corporations in Malaysia	-	(208)	-	-
Structured deposits	(1)	(2)	(3)	-
Put options	(1,824)	(1,451)	(3,574)	(1,451)
Realised (losses)/gains on disposal of plant and equipment	-	(2)	-	26
	<b>5,279</b>	<b>1,801</b>	<b>64,005</b>	<b>44,948</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)****6. Fair value gains/(losses)**

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fair value gains/(losses):				
Investment properties	638	1,230	638	1,230
Financial assets at Fair Value Through Profit or Loss:				
- held for trading	3,809	12,479	(3,049)	20,894
- designated upon initial recognition	(27,868)	(6,609)	(65,949)	(348)
Impairment loss on financial investments	(3,726)	(8,889)	(4,497)	(8,889)
	<u>(27,147)</u>	<u>(1,789)</u>	<u>(72,857)</u>	<u>12,887</u>

**7. Profit before taxation**

Profit before taxation for the financial year under review is arrived at after charging/(crediting):

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,963	2,874	15,167	11,442
Depreciation on property, plant and equipment	4,146	3,350	13,389	12,179
Insurance and other receivables:				
- Impairment loss written off	1,051	463	1,055	982
- Write back of allowance for impairment loss	(2,059)	(5,602)	(1,314)	(1,210)
- Impairment loss recovered	(29)	(153)	(194)	(373)
Interest expense	747	574	4,309	1,953
Property, plant and equipment written off	9	21	17	102
Unrealised foreign exchange loss/(gain)	945	(155)	2,552	(125)

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial year ended 31 December 2013.



**8. Taxation**

	Individual period		Cumulative period	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	68,625	64,926	339,231	297,779
<b>Tax expense/(credit)</b>				
Income tax	22,725	20,113	93,371	83,763
Deferred tax	(1,973)	756	7,939	6,411
Total tax expense	20,752	20,869	101,310	90,174
Effective tax rate	30%	32%	30%	30%

The Group's consolidated effective tax rate for the financial year under review is higher than the statutory tax rate of 25% (2012: 25%) due mainly to the following:

- In addition to the 25% income tax on the assessable income of the Shareholders' Fund, there is also an 8% income tax on the assessable investment income net of allowable deductions of the Life Fund; and
- Effects of certain non-deductible expenses.

**9. Status of corporate proposal announced/implemented**

As at the date of the Report, there are no corporate proposals announced but not completed.

**10. Borrowings and debts securities**

Save as disclosed below, the Group has no other outstanding borrowings and debts securities for the financial year under review.

**As at 31 December 2013**

	Group RM'000
Finance lease liability (interest bearing)	29
Amount due to holding company (interest bearing)	54,300

**11. Changes in material litigations**

There are no material litigations pending at the date of the Report.

12. Earnings per ordinary share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

		Individual period		Cumulative period	
		Three months ended		Twelve months ended	
		31 December		31 December	
		2013	2012	2013	2012
Profit attributable to ordinary shareholders	(RM'000)	47,873	44,057	237,921	207,605
Weighted average number of ordinary shares in issue	('000)	158,957	156,792	159,420	157,021
Basic earnings per ordinary share	(sen)	30.12	28.10	149.24	132.21

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share of the Group are calculated by dividing the net diluted profit attributable to shareholders by the diluted weighted average number of ordinary shares in issue.

		Individual period		Cumulative period	
		Three months ended		Twelve months ended	
		31 December		31 December	
		2013	2012	2013	2012
Profit attributable to ordinary shareholders	(RM'000)	47,873	44,057	237,921	207,605
Weighted average number of ordinary shares in issue	('000)	158,957	156,792	159,420	157,021
Effect of conversion of ICPS, including bonus element	('000)	244,224	224,518	244,224	224,518
Diluted weighted average number of ordinary shares in issue	('000)	403,181	381,310	403,644	381,539
Diluted earnings per ordinary share	(sen)	11.87	11.55	58.94	54.41

### 13. Dividend

For the financial year ended 31 December 2013, the Board is recommending a payment of a first and final dividend of 2.50 sen per ordinary share under single tier system (2012: 6.50 sen less 25% tax) and a preference share dividend of 3.00 sen (2012: 7.80 sen) per ICPS under single tier system, for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The entitlement and payment dates for the abovementioned dividend will be announced at a later date.

### 14. Disclosure of realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 December 2013, into realised and unrealised profits, is as follow:

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings of the Group:		
- Realised	1,331,246	1,104,017
- Unrealised	(90,377)	(78,729)
	<u>1,240,869</u>	<u>1,025,288</u>

The disclosure of realised and unrealised profit or loss above is solely for complying with the disclosure requirements of Bursa Securities and should not be applied for any other purposes.

The determination of realised and unrealised earnings is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities' Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

### 15. Auditors' report on preceding annual financial statements

The auditors' report of the Group's audited financial statements for the financial year ended 31 December 2012 was not qualified.

#### **BY ORDER OF THE BOARD**

Ng Siew Gek  
**Company Secretary**

Kuala Lumpur  
28 February 2014