

ALLIANZ MALAYSIA BERHAD (12428-W)

UNAUDITED QUARTERLY RESULTS
FOR THE PERIOD ENDED 30 JUNE 2014

ALLIANZ MALAYSIA BERHAD (12428-W)

Condensed consolidated statement of financial position as at 30 June 2014 - unaudited

	30 June 2014 RM'000	31 December 2013 RM'000
Assets		
Property, plant and equipment	115,811	116,486
Intangible assets	318,244	325,328
Investment properties	5,600	5,600
Deferred tax assets	13,088	18,082
Derivative financial assets	1,610	-
Reinsurance assets	1,267,857	1,266,704
Investments	8,838,800	7,997,409
Current tax assets	1,409	3,363
Insurance receivables	215,055	163,041
Other receivables, deposits and prepayments	194,053	175,369
Deferred acquisitions costs	77,986	68,881
Cash and cash equivalents	528,137	618,499
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Total assets	11,577,650	10,758,762
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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 30 June 2014 - unaudited (continued)**

	30 June 2014 RM'000	31 December 2013 RM'000
Equity		
Share capital	166,768	160,752
Irredeemable Convertible Preference Shares ("ICPS")	179,438	185,454
Reserves	1,814,129	1,677,976
Total equity attributable to owners of the Company	2,160,335	2,024,182
Liabilities		
Insurance contract liabilities	8,460,939	7,770,113
Deferred tax liabilities	133,758	127,179
Derivative financial liabilities	6,773	20,950
Other financial liabilities	4,320	3,612
Insurance payables	330,458	337,233
Other payables and accruals	323,201	351,782
Benefits and claims liabilities	141,009	117,858
Current tax liabilities	16,857	5,853
Total liabilities	9,417,315	8,734,580
Total equity and liabilities	11,577,650	10,758,762
Net asset per ordinary share (RM)	12.95	12.59
Diluted net asset per ordinary share (RM)	6.24	5.85

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 period ended 30 June 2014 - unaudited**

	Note	Individual period Three months ended 30 June		Cumulative period Six months ended 30 June	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating revenue *		1,076,235	893,145	2,092,765	1,755,222
Gross earned premiums		984,342	814,357	1,914,790	1,604,596
Premiums ceded to reinsurers		(155,532)	(145,550)	(307,011)	(300,339)
Net earned premiums		828,810	668,807	1,607,779	1,304,257
Investment income	4	91,893	78,788	177,975	150,626
Realised gains and losses	5	13,313	25,469	41,910	41,816
Fair value gains and losses	6	16,233	2,452	21,645	(646)
Fee and commission income		21,734	24,225	43,572	48,769
Other operating income		7,589	2,426	11,854	4,994
Other revenue		150,762	133,360	296,956	245,559
Gross benefits and claim paid		(401,874)	(326,958)	(765,078)	(612,034)
Claims ceded to reinsurers		116,355	70,636	187,619	127,302
Gross change to contract liabilities		(252,567)	(173,138)	(605,175)	(386,018)
Change in contract liabilities ceded to reinsurers		(96,014)	(49,077)	(8,109)	(51,598)
Net benefits and claims		(634,100)	(478,537)	(1,190,743)	(922,348)
Fee and commission expense		(138,856)	(125,107)	(275,128)	(248,826)
Management expenses		(109,092)	(97,314)	(212,474)	(194,140)
Other operating expenditure		(10,067)	(8,076)	(14,923)	(12,627)
Other expenses		(258,015)	(230,497)	(502,525)	(455,593)
Profit before taxation	7	87,457	93,133	211,467	171,875
Tax expense	8	(27,242)	(30,958)	(65,035)	(55,980)
Profit for the period		60,215	62,175	146,432	115,895

* 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 period ended 30 June 2014 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended		Six months ended	
		30 June		30 June	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to owners of the Company		60,215	62,175	146,432	115,895
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value of available-for-sale ("AFS") financial assets		(124)	(10,002)	(979)	(11,011)
Tax effects thereon		34	2,507	252	2,760
		(90)	(7,495)	(727)	(8,251)
Total other comprehensive loss for the period, net of tax		(90)	(7,495)	(727)	(8,251)
Total comprehensive income for the period		60,125	54,680	145,705	107,644
Profit attributable to: Owners of the Company		60,215	62,175	146,432	115,895
Total comprehensive income for the period attributable to: Owners of the Company		60,125	54,680	145,705	107,644
Basic earnings per ordinary share (sen)	12(a)	37.07	39.09	89.12	72.92
Diluted earnings per ordinary share (sen)	12(b)	15.08	16.24	36.49	30.29

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 period ended 30 June 2014 - unaudited**

	Period ended 30 June 2014 RM'000	Period ended 30 June 2013 RM'000
Cash flows from operating activities		
Profit before taxation	211,467	171,875
Investment income	(177,975)	(150,626)
Realised gains recorded in profit or loss	(41,910)	(41,816)
Fair value gains on investments recorded in profit or loss	(26,415)	(125)
Purchases of financial investments	(1,328,164)	(1,482,923)
Maturity of financial investments	290,000	413,009
Proceeds from sale of financial investments	295,549	426,528
Change in loans and receivables	(52,858)	3,622
Non-cash items:		
Change in fair value of AFS financial assets	1,135	(21,330)
Unrealised foreign exchange (gains)/losses	(818)	2,474
Depreciation of property, plant and equipment	6,958	5,668
Amortisation of intangible assets	7,324	7,405
Impairment loss on financial investments	4,770	771
Interest expense	4,168	3,879
Property, plant and equipment written off	36	4
Insurance and other receivables:		
- Impairment loss written off	90	-
- Allowance for impairment loss	1,375	1,258
- Impairment loss recovered	(141)	(110)
Operating loss before changes in working capital	(805,409)	(660,437)
Changes in working capital:		
Change in reinsurance assets	(1,153)	45,751
Change in insurance receivables	(53,309)	(47,101)
Change in other receivables, deposits and prepayments	(20,752)	(11,894)
Change in insurance contract liabilities	692,782	524,567
Change in deferred acquisition costs	(9,105)	(11,331)
Change in other financial liabilities	708	13,403
Change in insurance payables	(6,775)	(29,208)
Change in other payables	(40,922)	36,126
Change in benefits and claims liabilities	23,151	13,284
Cash used in operations	(220,784)	(126,840)

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of cash flow
For the period ended 30 June 2014 - unaudited**

	Period ended 30 June 2014 RM'000	Period ended 30 June 2013 RM'000
Cash flows from operating activities (continued)		
Tax paid	(40,250)	(38,982)
Dividend received	12,388	11,965
Coupon interest received	166,024	141,723
	<hr/>	<hr/>
Net cash used in operating activities	(82,622)	(12,134)
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	32	250
Acquisition of property, plant and equipment	(6,351)	(7,163)
Acquisition of intangible assets	(240)	(50,670)
	<hr/>	<hr/>
Net cash used in investing activities	(6,559)	(57,583)
Cash flow from financing activities		
Proceeds from holding company	-	54,300
Payment of loan interest to holding company	(1,167)	-
Repayment of finance lease liabilities	(14)	(24)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(1,181)	54,276
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(90,362)	(15,441)
Cash and cash equivalents at 1 January	618,499	447,817
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	528,137	432,376
	<hr/>	<hr/>
Cash and cash equivalents comprise:-		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	498,123	409,847
Cash and bank balances	30,014	22,529
	<hr/>	<hr/>
	528,137	432,376
	<hr/>	<hr/>

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 financial period ended 30 June 2014 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 2013.

2. Changes in accounting policies

The accounting policies and presentation adopted by the Group for the Report are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following:

MFRS, Amendments to MFRS and IC Interpretation		Effective date
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

The initial application of the aforesaid applicable 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)

3. Items of an unusual nature

The results of the Group for the financial period 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 period ended 30 June 2014.

5. Seasonal or cyclical factors

The operations of the Group for the financial period 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 2013.

7. Changes in group composition

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

8. Capital commitments

As at 30 June 2014

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

Group
RM'000

56,181
4,741

9. Related party transactions

Significant related party transactions are as follows:

	Transactions value Six months ended 30 June	
	2014 RM'000	2013 RM'000
Related companies*		
Reinsurance premium and commission	(166,226)	(137,457)

* 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 period under review.

12. Subsequent events

There were no material events subsequent to the end of the financial period 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 period ended 30 June 2014 - unaudited

	Investment holding		General business		Life business		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	5,935	5,400	1,071,336	946,620	1,015,494	803,202	2,092,765	1,755,222
Inter-segment revenue	(2,663)	(42,654)	-	-	-	-	(2,663)	(42,654)
Segment profit/(loss)	918	(697)	175,485	143,267	35,064	29,305	211,467	171,875
Segment assets	415,718	391,913	5,058,589	4,527,466	6,103,343	5,013,157	11,577,650	9,932,536
Segment liabilities	74,422	88,315	3,578,711	3,199,862	5,764,182	4,718,269	9,417,315	8,006,446

14. Dividend paid

No dividend was paid by the Company during the quarter under review (2013: Nil).

For the financial year ended 31 December 2013, 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 per ICPS under single tier system (2012: 7.80 sen) were paid on 6 August 2014 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 16 July 2014.

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 Second Quarter 2014 versus YTD Second Quarter 2013)****Operating revenue**

The Group recorded an operating revenue of RM2.09 billion for the six months ended 30 June 2014, an increase of 18.8% or RM337.6 million as compared to the preceding financial period ended 30 June 2013 of RM1.76 billion due to higher gross earned premiums and investment income by RM310.2 million and RM27.4 million respectively.

The general insurance operations recorded an operating revenue of RM1.07 billion for the financial period ended 30 June 2014, an increase of 12.6% or RM124.7 million as compared to the preceding financial period ended 30 June 2013 of RM0.95 billion due to the increase in gross earned premiums and investment income by RM116.3 million and RM8.4 million respectively.

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

The life insurance operations recorded an operating revenue of RM1.02 billion for the financial period ended 30 June 2014, an increase of 27.5% or RM212.5 million as compared to the preceding financial period ended 30 June 2013 of RM0.8 billion due to the increase in gross earned premiums and investment income by RM193.9 million and RM18.6 million respectively.

The increase in gross earned premiums of the life insurance operations was mainly attributable to accelerating sales of single premium product through bank partner and higher agency sales. The higher investment income was derived from bigger investment asset base.

Profit before tax

The Group recorded a profit before tax of RM211.5 million for the financial period ended 30 June 2014, an increase of 23.0% or RM39.6 million as compared to the preceding financial period ended 30 June 2013 of RM171.9 million.

General insurance operations continue to contribute major share of profit and delivered a profit before tax of RM175.5 million for the financial period ended 30 June 2014; an increase of 22.5% or RM32.2 million as compared to the preceding financial period ended 30 June 2013 of RM143.3 million. The increase in profit was due mainly to higher underwriting profit of RM118.7 million as compared to the preceding financial period ended 30 June 2013 of RM94.5 million.

1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD Second Quarter 2014 versus YTD Second Quarter 2013)

Profit before tax (continued)

The life insurance operations recorded a higher profit before tax of RM35.1 million for the financial period ended 30 June 2014; an increase of 19.8% or RM5.8 million as compared to the preceding financial period ended 30 June 2013 of RM29.3 million due mainly to lower claims ratio and higher interest rate for the financial period under review.

The investment holding segment registered a profit before tax of RM0.9 million as compared to a loss before tax of RM0.7 million in the preceding year due mainly to lower cost incurred and higher investment income in the financial period under review.

1.2 Results of the current quarter against the preceding quarter (Second Quarter 2014 versus First Quarter 2014)

Operating revenue

The Group recorded an operating revenue of RM1.08 billion for the quarter under review, an increase of 5.9% or RM59.7 million as compared to the preceding quarter ended 31 March 2014 of RM1.02 billion due mainly to increase in gross earned premiums by RM53.9 million from both insurance operations.

The general insurance operations recorded an operating revenue of RM542.4 million for the quarter under review, an increase of 2.6% or RM13.5 million as compared to the preceding quarter of RM528.9 million due mainly to higher gross earned premiums.

The life insurance operations registered an operating revenue of RM530.8 million for the quarter under review, an increase of 9.5% or RM46.1 million as compared to the preceding quarter of RM484.7 million due mainly to higher gross earned premiums.

Profit before tax

The Group recorded a profit before tax of RM87.5 million for the quarter under review, a decrease of 29.4% or RM36.5 million as compared to the preceding quarter ended 31 March 2014 of RM124.0 million due mainly to lower profit from both insurance operations.

The profit before tax of general insurance operations for the quarter under review of RM72.9 million was lower by 28.9% or RM29.7 million as compared to the preceding quarter of RM102.6 million due mainly to higher claims ratio for the quarter under review. The general insurance operations continued to deliver a net combined ratio of below 90% for the quarter.

The profit before tax of life insurance operations for the quarter under review of RM14.4 million decreased by 30.4% or RM6.3 million as compared to the preceding quarter of RM20.7 million due mainly to higher medical claims ratio for the financial quarter under review. In the preceding quarter, the claims ratio was below expectation but it has reverted to the expected level. The interest rate has also come down in the quarter under review.

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1.2 Results of the current quarter against the preceding quarter (Second Quarter 2014 versus First Quarter 2014)

Profit before tax (continued)

The investment holding segment registered a lower profit before tax of RM0.2 million as compared to RM0.7 million in the preceding quarter due mainly to lower investment income in the current quarter.

2. Current year prospect

The insurance sector is facing some challenges this year due to the softening of consumer spending arising from subsidy rationalisation and tightening of credits. However, the Group's proven strategies are competitive in both its general and life insurance operations. The general business continues to build its diversified business portfolio by enlarging its distribution network. The life business continues to leverage on its growth from bank and agency distributions and the sale of profitable products.

The Group continues to grow its business and the Board is optimistic that the insurance operations will deliver satisfactory results for all its stakeholders.

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		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	82,461	71,038	161,356	139,057
Dividend income	7,383	7,711	12,388	11,965
Accretion of discounts	1,073	943	2,134	1,774
Rental income	39	38	77	76
Other income	2,025	1,456	4,651	2,860
Amortisation of premiums	(1,088)	(2,398)	(2,631)	(5,106)
	<u>91,893</u>	<u>78,788</u>	<u>177,975</u>	<u>150,626</u>

ALLIANZ MALAYSIA BERHAD (12428-W)

5. Realised gains and losses

	Individual period		Cumulative period	
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Realised gains on disposal of investments in debt and equity securities:				
Malaysian government securities	20	3,821	212	3,821
Quoted equity securities of corporations in Malaysia	14,974	20,299	46,702	32,787
Quoted equity securities of corporations outside Malaysia	59	-	83	-
Quoted unit trusts in Malaysia	65	2,124	65	6,903
Unquoted unit trusts in Malaysia	11	-	60	-
Unquoted unit trusts outside Malaysia in Malaysia	18	-	18	-
Unquoted bonds of corporations in Malaysia	-	28	-	1,745
Realised losses on disposal of investments in debt and equity securities:				
Malaysian government securities	(22)	-	(22)	-
Quoted equity securities of corporations in Malaysia	(562)	(576)	(3,129)	(1,566)
Quoted equity securities of corporations outside Malaysia	(15)	-	(65)	-
Quoted unit trusts in Malaysia	-	-	(10)	-
Unquoted unit trusts outside Malaysia	(232)	(226)	(986)	(722)
Unquoted debts securities in Malaysia	-	-	(13)	-
Structured deposits	(8)	(1)	(10)	(2)
Put options	(995)	-	(995)	(1,150)
	13,313	25,469	41,910	41,816

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

	Individual period		Cumulative period	
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fair value gains and losses:				
Held for trading financial assets	8,470	17,174	13,771	20,938
Designated upon initial recognition financial assets	3,574	(7,582)	(2,464)	(12,070)
Derivatives	8,356	(7,140)	15,108	(8,743)
Total fair value gains on financial assets at Fair Value Through Profit or Loss	20,400	2,452	26,415	125
Impairment loss on financial investments	(4,167)	-	(4,770)	(771)
	16,233	2,452	21,645	(646)

7. Profit before taxation

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

	Individual period		Cumulative period	
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,669	3,706	7,324	7,405
Depreciation on property, plant and equipment	3,586	2,920	6,958	5,668
Insurance and other receivables:				
- Impairment loss written off	90	-	90	-
- Write off/(back) of allowance for impairment loss	1,366	(1,939)	1,375	1,258
- Impairment loss recovered	(22)	(33)	(141)	(110)
Interest expense	3,447	3,215	4,168	3,879
Property, plant and equipment written off	29	4	36	4
Unrealised foreign exchange (gain)/loss	(96)	2,467	(818)	2,474

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial period ended 30 June 2014.

8. Taxation

	Individual period Three months ended 30 June		Cumulative period Six months ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	87,457	93,133	211,467	171,875
Tax expense				
Income tax	28,763	21,951	53,113	49,419
Deferred tax	(1,521)	9,007	11,922	6,561
Total tax expense	27,242	30,958	65,035	55,980
Effective tax rate	31%	33%	31%	33%

The Group's consolidated effective tax rate for the financial period under review is higher than the statutory tax rate of 25% (2013: 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 period under review.

As at 30 June 2014

Interest Bearing

Finance lease liability

Amount due to holding company

**Group
RM'000**

6

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		Six months ended	
		30 June		30 June	
		2014	2013	2014	2013
Profit attributable to ordinary shareholders	(RM'000)	60,215	62,175	146,432	115,895
Weighted average number of ordinary shares in issue	('000)	162,455	159,068	164,312	158,944
Basic earnings per ordinary share	(sen)	37.07	39.09	89.12	72.92

(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		Six months ended	
		30 June		30 June	
		2014	2013	2014	2013
Profit attributable to ordinary shareholders	(RM'000)	60,215	62,175	146,432	115,895
Weighted average number of ordinary shares in issue	('000)	162,455	159,068	164,312	158,944
Effect of conversion of ICPS, including bonus element	('000)	236,941	223,693	236,941	223,693
Diluted weighted average number of ordinary shares in issue	('000)	399,396	382,761	401,253	382,637
Diluted earnings per ordinary share	(sen)	15.08	16.24	36.49	30.29

13. Dividend

No dividend has been proposed or declared for the quarter under review (2013: Nil).

For the financial year ended 31 December 2013, 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 per ICPS under single tier system (2012: 7.80 sen) were paid on 6 August 2014 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 16 July 2014.

14. Disclosure of realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 30 June 2014, into realised and unrealised profit or loss, is as follow:

	As at 30.6.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Group:		
- Realised	1,478,725	1,331,246
- Unrealised	(100,976)	(90,377)
	<u>1,377,749</u>	<u>1,240,869</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 2013 was not qualified.

BY ORDER OF THE BOARD

Ng Siew Gek
Company Secretary

Kuala Lumpur
28 August 2014