

# KSK GROUP BERHAD (Formerly known as KURNIA ASIA BERHAD)

## Part A – Explanatory Notes Pursuant to MFRS134

### A1. Basis of preparation

The interim financial reports are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* in Malaysia and *IAS 34, Interim Financial Reporting*; and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31<sup>st</sup> December 2011.

#### A1.1. Change in accounting policies and adoption of new policy

Since the previous audited financial statements as at 31<sup>st</sup> December 2011, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Standards Board (“MASB”) with effect from 1<sup>st</sup> January 2012. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in Note B12.

The significant accounting policies and methods of computation applied in the preparation of the quarterly financial statements are consistent with those adopted in the preparation of the Group’s financial statements for the year ended 31<sup>st</sup> December 2011, except for:

#### a) Property, plant and equipment

The Group had adopted the revaluation model to measure its property, plant and equipment beginning financial year ended 31<sup>st</sup> December 2011.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use fair value as deemed cost under MFRSs. Consequently, the revaluation reserve of RM30.746 million as at 31<sup>st</sup> December 2011 was reclassified to retained earnings.

The impact arising from the change is summarised as follows:

Property, plant and equipment	Note	01-Jan-2011 RM'000	30-Sep-2011 RM'000	31-Dec-2011 RM'000
<b>Consolidated statement of profit or loss and other comprehensive income</b>				
Depreciation on property, plant and equipment		-	(378)	(3,902)
Impairment loss		-	-	-
		-	(378)	(3,902)
<b>Consolidated statement of financial position</b>				
Fair value as deemed cost of property, plant and equipment	B12.a	30,901	(1,841)	(1,822)
Reclassification of revaluation reserve to retained earnings	B12.a	-	30,746	30,746
Related tax effect	B12.d(i)	(1,508)	163	110
Adjustment to retained earnings	B12.d(ii)	29,393	29,068	29,034

#### b) Investment property

For the financial year ended 31<sup>st</sup> December 2011, the Group measured investment property at fair value. Upon transition to MFRSs, the Group elected to measure investment property at cost.

The impact arising from the change is summarised as follows:

Investment property	Note	01-Jan-2011 RM'000	30-Sep-2011 RM'000	31-Dec-2011 RM'000
<b>Consolidated statement of financial position</b>				
Fair value as deemed cost of investment property	B12.a	213	-	-
Related tax effect		(53)	(53)	-
Adjustment to retained earnings	B12.d(ii)	160	(53)	-

c) Translation reserve

Upon transition to MFRSs, the Group elected to apply the optional exemption to zeroise the cumulative translation differences for all its foreign operations.

The impact arising from the change is summarised as follows:

Translation reserve	Note	01-Jan-2011 RM'000	30-Sep-2011 RM'000	31-Dec-2011 RM'000
<b>Consolidated statement of financial position</b>				
Reclassification of translation reserve to retained earnings	B12.a	(2,504)	(2,504)	(2,504)
Adjustment to retained earnings	B12.d(ii)	(2,504)	(2,504)	(2,504)

d) Investment in associate company

Upon transition to MFRSs, the Group elected to measure its investment in associate company at fair value.

The impact arising from the change is summarised as follows:

Investment in associate company	Note	01-Jan-2011 RM'000	30-Sep-2011 RM'000	31-Dec-2011 RM'000
<b>Consolidated statement of financial position</b>				
Fair value as deemed cost of investment in associate company	B12.a	(10,512)	(10,512)	(10,512)
Adjustment to retained earnings	B12.d(ii)	(10,512)	(10,512)	(10,512)

A1.2. Discontinued operation

On 26<sup>th</sup> September 2012, KSK Group Berhad (formerly known as Kurnia Asia Berhad) ("Company") disposed its 100% equity interest in Kurnia Insurans (Malaysia) Berhad ("KIMB") to AmG Insurance Berhad (AMG) ("KIMB Disposal"). Following thereon, KIMB's financial results are presented separately in the consolidated income statements, in accordance with *MFRS5: Non-current Assets Held for Sale and Discontinued Operations*.

The financial results of the discontinued operation for the period are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year 30-Sep-2012 RM'000	Preceding Year 30-Sep-2011 RM'000	Current Year 30-Sep-2012 RM'000	Preceding Year 30-Sep-2011 RM'000
<b>Operating revenue</b>	297,208	288,093	888,652	849,976
Gross written premiums	277,708	273,512	833,226	792,044
Change in unearned premiums provision	(114)	(14,704)	(6,549)	(14,774)
Gross earned premiums	277,594	258,808	826,677	777,270
Premium ceded to reinsurers	(88,174)	(78,554)	(252,397)	(201,492)
<b>Net earned premiums</b>	189,420	180,254	574,280	575,778
<b>Other income</b>	40,941	36,898	134,545	120,727
<b>Net claims incurred</b>	(127,268)	(127,258)	(366,754)	(399,863)
<b>Other expenses</b>	(56,818)	(71,672)	(208,816)	(222,241)
<b>Operating profit</b>	46,275	18,222	133,255	74,401
Share of net loss of equity accounted associate	-	-	-	-
<b>Profit before taxation</b>	46,275	18,222	133,255	74,401
Tax expense	(14,062)	(1,053)	(33,638)	(12,103)
<b>Net profit for the period</b>	32,213	17,169	99,617	62,298

**A2. Preceding year's audit report**

The annual financial statements of the Group for financial year ended 31<sup>st</sup> December 2011 were not qualified.

**A3. Seasonal or cyclical factors**

The Group's business operations are not significantly affected by any seasonal or cyclical factors.

**A4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial period under review, other than as discussed in A1, A10, B1 and B12.

**A5. Changes in estimates**

There were no material changes in estimates of amounts reported that have a material effect in the current financial period under review.

**A6. Debt and equity securities**

During the second quarter of the year, the Company has disposed of 11,577,400 treasury shares at an average price of RM0.61 each, for a total consideration of RM7,045,124 in the open market, resulting in a loss of RM4,926,446 which has been debited to the share premium account.

Save as disclosed above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

**A7. Dividend payment**

The Company did not pay any dividend during the financial period under review.

**A8. Segmental information**

The Group had one reportable segment, namely the general insurance business in Malaysia from KIMB. Following the KIMB Disposal, this segment has been classified and presented as "Discontinued operation". "Continuing operation" represents non-reportable segments comprising the Group's general insurance business in Indonesia and investment holdings.

RM'000	Current Year-to-date (30/09/2012)			Preceding Year-to-date (30/9/2011) Restated		
	Discontinued operation	Continuing operation	Total	Discontinued operation	Continuing operation	Total
By operating segments						
Operating revenue	888,652	38,189	926,841	849,976	19,068	869,044
Segment results	99,617	784,026	883,643	62,298	(25,087)	37,211
Share of loss from associate company			(2,359)			(1,018)
Net profit for the period			881,284			36,193
Segment assets		1,282,958	1,282,958	2,570,977	55,195	2,626,172
Unallocated assets			4,451			32,621
Total assets			1,287,409			2,658,793
Segment liabilities		77,838	77,838	1,847,052	425,974	2,273,026
Unallocated liabilities			589			6,073
Total liabilities			78,427			2,279,099

“Discontinued operation” contributed RM99.617 million (2011: RM62.298 million) to the Group’s results for the period under review. The improvement was mainly due to its improved underwriting and investment results.

Included in the net results of “Continuing operation” is the gain arising from KIMB Disposal amounting to RM835.101 million, and RM26 million professional fees incurred on the disposal.

#### **A9. Material events not reflected in the financial statements**

Save for the KIMB Disposal, there were no material subsequent events from the end of the current financial period to the date of this interim report.

#### **A10. Changes in composition of the Group**

On 26<sup>th</sup> September 2012, the Company announced the completion of KIMB Disposal. Following thereon, the Company ceased control of KIMB.

On 12<sup>th</sup> October 2012, the Company announced that Kurnia (Cambodia) Incorporated Co. Ltd. (“KCI”), a subsidiary of the Company held through KSK Financial Holdings Pte. Ltd. (formerly known as Kurnia Asia Pte. Ltd.) was dissolved with effect from 12<sup>th</sup> October 2012. KCI has not commenced operation and has been dormant since its incorporation in 2010.

Save as disclosed above, there were no changes in the composition of the Group during the financial period under review.

#### **A11. Contingent liabilities**

At the date of this report, there does not exist any contingent liability of the Group, which has arisen since the end of the last financial period.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company’s subsidiary, PT KSK Insurance Indonesia (formerly known as Kurnia Insurance Indonesia) (“KII”) and its associate company, KSK Insurance (Thailand) Co., Ltd (formerly known as Kurnia Insurance (Thailand) Co., Ltd.) (“KIT”).

#### **A12. Capital commitments**

There is no material capital commitments not provided for in the interim financial report as at 30<sup>th</sup> September 2012.

## **Part B – Additional Disclosures In Compliance With Bursa Securities Listing Requirements**

### **B1. Review of the performance of the Company and its subsidiaries**

The Group recorded a net profit of RM881.284 million for the period under review, compared to RM36.193 million recorded last year. The significant rise in profit was mainly attributable to the gain derived from the KIMB Disposal which totaled RM835.101 million. Concurrent with the KIMB Disposal, the Company incurred professional fees of RM26 million which was included in “Other expenses.”

The discontinued operation, namely KIMB contributed RM99.617 million (2011: RM62.298 million) to the Group’s net profit for the period under review.

Accordingly, as at 30<sup>th</sup> September 2012, the net asset value of the Group improved to RM1.209 billion (31<sup>st</sup> December 2011, restated: RM389.168 million), translating to a Net Asset Value per share of 80.60 sen.

### **B2. Explanatory comments on any material change in the profit before taxation for the quarter reported on as compared with preceding quarter**

The Group recorded a pre-tax profit of RM841.791 million during 3Q period, compared to the RM34.432 million recorded in the preceding quarter. As explained in Note B1, the significant increase in pretax profit was mainly due to the KIMB Disposal.

### **B3. Prospects for the remaining of the financial year**

Following the completion of KIMB Disposal on 26<sup>th</sup> September 2012, the Group will focus on expanding its existing general insurance businesses in Indonesia and Thailand, whilst looking for new investment opportunities.

### **B4. Variance of actual profit from forecast profit**

Not applicable.

### **B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year 30/09/2012	Preceding Year-to-date 30/09/2011	Current Year-to-date 30/09/2012	Preceding Year-to-date 30/09/2011
RM'000				
Profit before tax	847,791	9,027	917,006	50,369
Current year tax expense	14,468	1,759	35,722	14,176
Deferred tax expense	-	-	-	-
Total tax expense	14,468	1,759	35,722	14,176
Effective tax rate (%)	1.71	19.49	3.90	28.14

The effective tax rate of the Group for the period is lower than the statutory tax rate mainly due to the huge gain arising from the KIMB Disposal amounted to RM835.101 million, which was not taxable.

**B6. Status of corporate proposals**

On 26<sup>th</sup> September 2012, the Company announced the completion of the following transactions:

- a) Disposal by the Company of its 100% equity interest in KIMB to AmG for a total cash consideration of RM1,627,206,071; and
- b) Disposal of properties in Section 41, Township and District of Kuala Lumpur and State of Wilayah Persekutuan, Kuala Lumpur by KIMB to Tan Sri Dato' Paduka Kua Sian Kooi satisfied in cash.

On 4<sup>th</sup> October 2012, Bursa Securities had vide its letter notified the Company that it is a "Cash Company" pursuant to Paragraph 8.03(1) and Practice Note 16 of the Listing Requirements. As a "Cash Company", the Company must regularise its condition within the timeframe and in the manner prescribed in Listing Requirements.

As at the date of this report, the Company is still looking into formulating a plan to regularise its financial condition.

Save as disclosed above, there were no other corporate proposals announced as at 19<sup>th</sup> November 2012 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**B7. Group borrowings and debt securities**

Following the repayment of the entire outstanding term loan during the quarter, the Group has no outstanding borrowings and debt securities as at the end of the reporting period.

**B8. Material litigation**

There was no material litigation (outside the ordinary course of business of its insurance subsidiaries) as at 19<sup>th</sup> November 2012, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

**B9. Proposed dividend**

The Board of Directors does not propose any dividend for the period ended 30<sup>th</sup> September 2012.

**B10. Earnings per share - Basic**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
Weighted average no. of ordinary shares in issue ('000)	1,500,000	1,488,423	1,493,324	1,488,423
Profit for the period attributable to ordinary shareholders (RM'000)				
- Continuing operations	801,110	(9,901)	781,667	(26,105)
- Discontinued operation	32,213	17,169	99,617	62,298
	833,323	7,268	881,284	36,193
Basic earnings (loss) per ordinary share (sen)				
- Continuing operations	53.41	(0.67)	52.34	(1.75)
- Discontinued operation	2.15	1.15	6.67	4.19
	55.55	0.49	59.01	2.43

**B11. Profit for the period**

Profit for the period is arrived at after (charging) / crediting:

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	30-Sep-2012	30-Sep-2011	30-Sep-2012	30-Sep-2011
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period is arrived at after (charging) / crediting:</b>				
Interest income	9,498	9,581	27,314	29,423
Other income including investment income	40,870	28,311	119,974	93,853
Interest expense	(5,414)	(5,487)	(16,828)	(15,739)
Depreciation and amortisation	970	(2,843)	(4,660)	(10,234)
Provision for and write off of receivable	(946)	359	(584)	1,872
Gain or (loss) on disposal of quoted investment	1,703	995	1,428	6,406
Gain or (loss) on disposal of subsidiary, KIMB	835,101	-	835,101	-
Gain or (loss) on disposal of properties, plants and equipments	5,493	682	5,821	842
Impairment of assets	-	-	-	351
Foreign exchange gain or loss	152	5	553	(88)

Other than the above, there were no gain or loss on derivatives and exceptional items for the current quarter ended 30<sup>th</sup> September 2012.

## B12. Changes in Accounting Policies

As stated in Note A1, these are the Group's first consolidated financial statements prepared in accordance with MFRSs.

In preparing the opening MFRSs statement of financial position, the Group has adjusted amounts reported in the previous financial statements which were prepared in accordance with the previous Financial Reporting Standards ("FRSs"). An explanation of how the transition from the previous FRSs to the new MFRSs has affected the Group's financial position, financial performance and cash flow is set out in the following tables and the notes that accompany these tables.

### c) Reconciliation of financial position

	Note	Effect of transition to MFRSs			Effect of transition to MFRSs			Effect of transition to MFRSs		
		FRSs RM'000	01-Jan-2011 RM'000	MFRSs RM'000	FRSs RM'000	30-Sep-2011 RM'000	MFRSs RM'000	FRSs RM'000	31-Dec-2011 RM'000	MFRSs RM'000
<b>Assets</b>										
Property and equipment	A1.a	202,236	30,901	233,137	231,294	(1,841)	229,453	231,161	(1,822)	229,339
Goodwill		-	-	-	-	-	-	-	-	-
Investment property	A1.b	7,500	213	7,713	7,713	-	7,713	7,713	-	7,713
Investments in subsidiaries		-	-	-	-	-	-	-	-	-
Investments in associates	A1.c	13,279	(10,512)	2,767	14,276	(10,512)	3,764	14,668	(10,512)	4,156
Investments in debt and equity securities		-	-	-	-	-	-	-	-	-
- financial assets - HTM		63,278	-	63,278	63,074	-	63,074	62,123	-	62,123
- financial assets - AFS		975,928	-	975,928	974,157	-	974,157	947,342	-	947,342
- financial assets - HFT		141,482	-	141,482	133,716	-	133,716	156,298	-	156,298
- financial assets - Loans and receivables		522,158	-	522,158	472,770	-	472,770	469,171	-	469,171
Reinsurance assets		372,759	-	372,759	480,238	-	480,238	551,273	-	551,273
Insurance receivables		52,851	-	52,851	46,422	-	46,422	56,832	-	56,832
Other receivables, deposits and prepayments		35,187	-	35,187	90,893	-	90,893	80,333	-	80,333
Deferred acquisition costs		36,275	-	36,275	26,313	-	26,313	26,070	-	26,070
Deferred tax assets		1,172	-	1,172	1,235	-	1,235	3,670	110	3,780
Current tax assets		30,613	(53)	30,560	31,386	(53)	31,333	23,746	-	23,746
Cash and cash equivalents		129,632	-	129,632	97,712	-	97,712	130,771	-	130,771
<b>Total assets</b>		<b>2,584,350</b>	<b>20,549</b>	<b>2,604,899</b>	<b>2,671,199</b>	<b>(12,406)</b>	<b>2,658,793</b>	<b>2,761,171</b>	<b>(12,224)</b>	<b>2,748,947</b>
<b>Shareholders' equity</b>										
Share capital		375,000	-	375,000	375,000	-	375,000	375,000	-	375,000
Reserves	A1.a & c	10,938	2,504	13,442	38,347	(28,242)	10,105	36,689	(28,242)	8,447
Retained profits	B12.d.(ii)	(58,147)	16,537	(41,610)	(21,416)	15,999	(5,417)	(10,303)	16,018	5,715
		327,791	19,041	346,832	391,931	(12,243)	379,688	401,386	(12,224)	389,162
Minority interest		6	-	6	6	-	6	6	-	6
<b>Shareholders' equity</b>		<b>327,797</b>	<b>19,041</b>	<b>346,838</b>	<b>391,937</b>	<b>(12,243)</b>	<b>379,694</b>	<b>401,392</b>	<b>(12,224)</b>	<b>389,168</b>
<b>Liabilities</b>										
Insurance contract liabilities		1,669,152	-	1,669,152	1,606,922	-	1,606,922	1,690,838	-	1,690,838
Deferred tax liabilities	B12.d.(i)	5,928	1,508	7,436	6,191	(163)	6,028	-	-	-
Other financial liabilities		435,322	-	435,322	464,833	-	464,833	450,630	-	450,630
Insurance payables		29,630	-	29,630	83,458	-	83,458	87,373	-	87,373
Tax payables		249	-	249	45	-	45	629	-	629
Other payables		90,728	-	90,728	89,054	-	89,054	102,976	-	102,976
Staff retirement benefits		25,544	-	25,544	28,759	-	28,759	27,333	-	27,333
<b>Total liabilities</b>		<b>2,256,553</b>	<b>1,508</b>	<b>2,258,061</b>	<b>2,279,262</b>	<b>(163)</b>	<b>2,279,099</b>	<b>2,359,779</b>	<b>-</b>	<b>2,359,779</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,584,350</b>	<b>20,549</b>	<b>2,604,899</b>	<b>2,671,199</b>	<b>(12,406)</b>	<b>2,658,793</b>	<b>2,761,171</b>	<b>(12,224)</b>	<b>2,748,947</b>
<b>Net Assets Value per ordinary share of RM0.25 each (SEN)</b>		<b>22.02</b>		<b>23.30</b>	<b>26.33</b>		<b>25.51</b>	<b>26.97</b>		<b>26.15</b>



d) Reconciliation of profit or loss and other comprehensive income

	Note	Effect of transition to			Effect of transition to			Effect of transition to		
		FRSs	MFRSs	MFRSs	FRSs	MFRSs	MFRSs	FRSs	MFRSs	MFRSs
		3 months ended 30/09/2011			9 months ended 30/09/2011			12 months ended 31 December 2011		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Gross written premiums		282,901	282,901	814,658		814,658	1,109,729		1,109,729	
Change in unearned premiums provision		(17,469)	(17,469)	(18,656)		(18,656)	(41,094)		(41,094)	
Gross earned premiums		265,432	265,432	796,002		796,002	1,068,635		1,068,635	
Premium ceded to reinsurers		(82,678)	(82,678)	(213,257)		(213,257)	(294,017)		(294,017)	
Net earned premiums		182,754	182,754	582,745		582,745	774,618		774,618	
Other income		37,892	37,892	123,276	(213)	123,063	177,021	-	177,021	
Net claims incurred		(129,258)	(129,258)	(405,274)		(405,274)	(548,078)		(548,078)	
Other expenses	A1.a	(81,856)	0	(81,856)	(378)	(249,147)	(342,185)	(359)	(342,544)	
Operating profit		9,532	9,532	51,978		51,387	61,376		61,017	
Share of net loss of equity accounted associate		(505)	(505)	(1,018)		(1,018)	(557)		(557)	
Profit before taxation		9,027	9,027	50,960		50,369	60,819		60,460	
Tax expense		(1,759)	(1,759)	(14,229)	53	(14,176)	(12,975)		(12,975)	
<b>Net profit for the period</b>		<b>7,268</b>	<b>7,268</b>	<b>36,731</b>		<b>36,193</b>	<b>47,844</b>		<b>47,485</b>	
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operation		198	198	889		889	463		463	
Fair value change of available-for-sale financial assets		(6,445)	(6,445)	(4,226)		(4,226)	(5,458)		(5,458)	
Revaluation on properties		-	-	30,746	(30,746)	-	30,746	(30,746)	-	
Other comprehensive income for the period		(6,247)	(6,247)	27,409		(3,337)	25,751		(4,995)	
<b>Total comprehensive income for the period</b>		<b>1,021</b>	<b>1,021</b>	<b>64,140</b>		<b>32,856</b>	<b>73,595</b>		<b>42,490</b>	
Earnings per share (sen) - Basic		0.49	0.49	2.47		2.43	3.21		3.19	

e) Material adjustments to the statement of cash flows

There are no material differences between the statement of cash flows presented under the MFRSs compared to that presented under FRSs.

f) Notes to reconciliations

i) Income tax

The changes that have affected deferred tax liabilities are as follows:

	01-Jan-2011 RM'000	30-Sep-2011 RM'000	31-Dec-2011 RM'000
Fair value as deemed cost of property, plant and equipment	1,508	(163)	(110)
<b>Increase / (Decrease) in deferred tax liabilities (assets)</b>	<b>1,508</b>	<b>(163)</b>	<b>(110)</b>

ii) Retained earnings

The changes that have affected retained earnings are as follows:

	01-Jan-2011 RM'000	30-Sep-2011 RM'000	31-Dec-2011 RM'000
Fair value as deemed cost of property, plant and equipment	29,393	29,068	29,034
Fair value as deemed cost of investment property	160	(53)	-
Reclassification of translation reserve to retained earnings	(2,504)	(2,504)	(2,504)
Fair value as deemed cost of investment in associate company	(10,512)	(10,512)	(10,512)
<b>Increase in retained earnings</b>	<b>16,537</b>	<b>15,999</b>	<b>16,018</b>

**B13. Supplementary information on the breakdown of realised and unrealised profits or loss**

The breakdown of the Group's retained earnings as at 30<sup>th</sup> September 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

	As At 30/9/2012	As At 31/12/2011 Restated
	<u>RM'000</u>	<u>RM'000</u>
Total retained earnings (accumulated losses) of the Group		
-Realised	810,735	(44,681)
-Unrealised	21,910	54,515
	<u>832,645</u>	<u>9,834</u>
Total share of retained earnings (accumulated losses) from associate		
-Realised	(6,477)	(4,119)
-Unrealised	-	-
	<u>826,168</u>	<u>5,715</u>
Consolidation adjustment	-	-
Total retained earnings as per financial statement	<u><u>826,168</u></u>	<u><u>5,715</u></u>

The above determination of realised and unrealised profits is compiled based on 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 the Malaysian Institute of Accountants on 20<sup>th</sup> December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

KUALA LUMPUR  
DATE: 26<sup>th</sup> November 2012  
File: KSK-30September2012Notes