

**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 full annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2012.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following:

MFRSs/ Amendments/Interpretations	Effective date
Amendments to MFRS 101, <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 3, <i>Business Combinations (2004)</i>	1 January 2013
MFRS 10, <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11, <i>Joint Arrangements</i>	1 January 2013
MFRS 12, <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13, <i>Fair Value Measurement</i>	1 January 2013
MFRS 119, <i>Employee Benefits (2011)</i>	1 January 2013
MFRS 127, <i>Consolidated and Separate Financial Statements</i>	1 January 2013
MFRS 127, <i>Separate Financial Statements (2011)</i>	1 January 2013
MFRS 128, <i>Investment in Associates and Joint Ventures (2011)</i>	1 January 2013
Amendments to MFRS 7, <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 10, <i>Consolidated Financial Statements – Transition Guidance</i>	1 January 2013
Amendments to MFRS 11, <i>Joint Arrangements – Transition Guidance</i>	1 January 2013
Amendments to MFRS 12, <i>Disclosure of Interests in Other Entities – Transition Guidance</i>	1 January 2013
Annual Improvements 2009 - 2011 Cycle	1 January 2013

The initial application of the aforesaid applicable standards, amendments or interpretations did not have any material financial impacts 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 ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current interim period ended 30 June 2013.

A4. CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2013.

A5. ISSUES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by LPI Capital Bhd ("LPI") in the current interim period ended 30 June 2013.

A6. DIVIDEND PAID

In the current interim period ended 30 June 2013, the Company paid a second interim single tier dividend of 50.00 sen per ordinary share amounting to RM110,154,690 in respect of the financial year ended 31 December 2012 on 4 February 2013.

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, the Group's 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 the Group's chief operating decision maker. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

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

a) Segment reporting:

RM'000	← 6 Months Ended →					
	General insurance		Investment holding		Total	
	2013	2012	2013	2012	2013	2012
External revenue	523,280	494,744	17,585	16,346	540,865	511,090
Inter-segment revenue	-	-	130,000	120,000	130,000	120,000
Segment profit before tax	98,723	79,471	144,875	132,881	243,598	212,352
Segment assets	2,000,296	1,805,797	1,207,868	991,271	3,208,164	2,797,068
Segment liabilities	1,583,380	1,395,804	33,462	34,248	1,616,842	1,430,052

A7. OPERATING SEGMENTS (CONT'D)

i) Reconciliation of reportable segment profit:

RM'000	← 6 Months Ended →	
	2013	2012
Total profit for reportable segments	243,598	212,352
Elimination of inter-segment profit	(130,000)	(120,000)
Consolidated profit before tax	<u>113,598</u>	<u>92,352</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 6 Months Ended →	
	2013	2012
Total assets for reportable segments	3,208,164	2,797,068
Elimination of inter-segment assets	(200,156)	(200,601)
Consolidated assets	<u>3,008,008</u>	<u>2,596,467</u>

iii) Reconciliation of reportable segment liabilities:

RM'000	← 6 Months Ended →	
	2013	2012
Total liabilities for reportable segments	1,616,842	1,430,052
Elimination of inter-segment liabilities	(156)	(601)
Consolidated liabilities	<u>1,616,686</u>	<u>1,429,451</u>

A7. OPERATING SEGMENTS (CONT'D)

b) Underwriting results of insurance fund

i) For the financial period ended 30 June:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross written premiums	214,561	189,973	131,887	136,979	65,042	61,281	177,350	177,815	588,840	566,048
Change in unearned premiums provision	(43,621)	(30,822)	(5,960)	(5,684)	(16,276)	(21,651)	(16,693)	(28,871)	(82,550)	(87,028)
Gross earned premiums	170,940	159,151	125,927	131,295	48,766	39,630	160,657	148,944	506,290	479,020
Gross written premiums ceded to reinsurers	(91,438)	(81,089)	(23,528)	(19,872)	(58,426)	(52,219)	(78,746)	(93,431)	(252,138)	(246,611)
Change in unearned premiums provision	20,578	15,372	4,478	867	16,818	20,801	(2,800)	15,741	39,074	52,781
Premiums ceded to reinsurers	(70,860)	(65,717)	(19,050)	(19,005)	(41,608)	(31,418)	(81,546)	(77,690)	(213,064)	(193,830)
Net earned premiums	100,080	93,434	106,877	112,290	7,158	8,212	79,111	71,254	293,226	285,190
Net claims incurred	(22,439)	(20,747)	(80,427)	(87,001)	(1,265)	(2,123)	(37,128)	(39,174)	(141,259)	(149,045)
Commission income	16,674	12,349	3,022	2,986	4,296	2,708	19,651	19,250	43,643	37,293
Commission expense	(20,431)	(19,805)	(12,765)	(13,345)	(3,136)	(2,556)	(23,902)	(23,653)	(60,234)	(59,359)
Net commission	(3,757)	(7,456)	(9,743)	(10,359)	1,160	152	(4,251)	(4,403)	(16,591)	(22,066)
Total out-go	(26,196)	(28,203)	(90,170)	(97,360)	(105)	(1,971)	(41,379)	(43,577)	(157,850)	(171,111)
Underwriting surplus before management expenses	73,884	65,231	16,707	14,930	7,053	6,241	37,732	27,677	135,376	114,079
Management expenses									(56,611)	(52,774)
Underwriting surplus after management expenses									78,765	61,305
Net claims incurred ratio (%)	22.4	22.2	75.3	77.5	17.7	25.9	46.9	55.0	48.2	52.3

A7. OPERATING SEGMENTS (CONT'D)

b) Underwriting results of insurance fund (cont'd)

ii) For the 3 months period ended 30 June:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross written premiums	100,282	86,058	62,614	64,661	38,499	50,180	71,908	67,565	273,303	268,464
Change in unearned premiums provision	1,510	62	(110)	1,065	(11,240)	(20,743)	9,960	8,020	120	(11,596)
Gross earned premiums	101,792	86,120	62,504	65,726	27,259	29,437	81,868	75,585	273,423	256,868
Gross written premiums ceded to reinsurers	(41,836)	(34,935)	(11,221)	(9,025)	(35,039)	(44,830)	(29,513)	(31,413)	(117,609)	(120,203)
Change in unearned premiums provision	(347)	(2,563)	1,343	(288)	11,429	20,266	(9,791)	(5,595)	2,634	11,820
Premiums ceded to reinsurers	(42,183)	(37,498)	(9,878)	(9,313)	(23,610)	(24,564)	(39,304)	(37,008)	(114,975)	(108,383)
Net earned premiums	59,609	48,622	52,626	56,413	3,649	4,873	42,564	38,577	158,448	148,485
Net claims incurred	(12,161)	(7,097)	(38,153)	(42,507)	(631)	(657)	(18,139)	(16,630)	(69,084)	(66,891)
Commission income	9,545	6,629	1,604	1,432	2,367	1,410	9,288	9,204	22,804	18,675
Commission expense	(11,918)	(10,805)	(6,321)	(6,718)	(1,695)	(1,428)	(12,174)	(10,095)	(32,108)	(29,046)
Net commission	(2,373)	(4,176)	(4,717)	(5,286)	672	(18)	(2,886)	(891)	(9,304)	(10,371)
Total out-go	(14,534)	(11,273)	(42,870)	(47,793)	41	(675)	(21,025)	(17,521)	(78,388)	(77,262)
Underwriting surplus before management expenses	45,075	37,349	9,756	8,620	3,690	4,198	21,539	21,056	80,060	71,223
Management expenses									(26,805)	(24,682)
Underwriting surplus after management expenses									53,255	46,541
Net claims incurred ratio (%)	20.4	14.6	72.5	75.3	17.3	13.5	42.6	43.1	43.6	45.0

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

Saved as disclosed below, 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.

On 25 January 2013, the Company announced that London & Pacific Holdings Sdn Bhd (“LPHSB”), a wholly-owned subsidiary of the Company, which commenced Member’s Voluntary Winding-up on 10 November 2008 and held its final meeting on 25 October 2012, and was dissolved on 25 January 2013. The dissolution of LPHSB does not have any material effect on the earnings and net assets of the Group for the financial period ended 30 June 2013.

A10. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Group does not have any contingent assets and there were no material changes in the Group’s contingent liabilities since the last annual balance sheet date.

A11. FINANCIAL INSTRUMENTS

(i) Carrying amounts versus fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statement of financial position as at 30 June 2013, are as follows:-

RM'000	Carrying Amount	Fair Value
Financial assets:		
Other investments		
Available-for-sale financial assets	984,811	984,811
Held-to-maturity financial assets	288,591	299,761
Reinsurance assets	338,094	338,094
Loans and receivables, excluding insurance receivables	471,457	471,457
Insurance receivables	140,049	140,049
Cash and cash equivalents	440,399	440,399
	<u>2,663,401</u>	<u>2,674,571</u>
Financial liabilities:		
Provision for outstanding claims	(605,826)	(605,826)
Borrowings	(32,500)	(32,500)
Insurance payables	(96,068)	(96,068)
Other payables	(114,641)	(114,641)
	<u>(849,035)</u>	<u>(849,035)</u>

A11. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Fair value hierarchy

The table below analyses those financial instruments carried at fair value by their valuation method as at 30 June 2013. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

RM'000	Level 1	Level 2	Level 3	Total
Financial assets:				
Other investments Available-for-sale financial assets	984,811	-	-	984,811

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

RM'000	Companies in which a Director has substantial financial interest	
	Current Year To Date Ended 30.06.2013	Preceding Year Corresponding Period Ended 30.06.2012
Income earned:		
Premium income	22,853	21,409
Dividend income	17,736	16,536
Fixed deposits income	1,963	1,789
Corporate debt securities' interest income	1,507	1,515
	<u>44,059</u>	<u>41,249</u>
Expenditure incurred:		
Rental paid	(1,272)	(1,239)
Commission incurred for insurance business introduced	(18,204)	(16,892)
	<u>(19,476)</u>	<u>(18,131)</u>

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

B1. REVIEW OF GROUP PERFORMANCE

The Group registered an increase in both revenue and profit before tax for the second quarter of 2013. The Group's revenue grew by 6.6% to RM282.4 million mainly contributed by the general insurance segment that registered an increase of 6.5% to RM282.0 million over the previous corresponding quarter in 2012. The increase in the revenue of the general insurance segment was mainly contributed by higher gross earned premium for the quarter which registered an increase of RM16.5 million or 6.4% to RM273.4 million as compared to RM256.9 million recorded in the previous corresponding quarter in 2012. The increase in gross earned premium is in line with the strategic planning and business efforts of the Group in growing the profitable insurance business. The revenue from the investment holding segment increased marginally to RM0.4 million as compared RM0.3 million in the previous corresponding quarter in 2012 due to higher interest income received during the current quarter.

The growth in gross earned premium has translated into better underwriting results. Total underwriting profit for the current quarter rose from RM46.5 million to RM53.3 million, up by RM6.8 million. With the improvement in underwriting results, the Group recorded a higher profit before tax of RM63.3 million from the general insurance segment. This represents an increase of RM7.5 million or 13.4% over the previous corresponding quarter in 2012. After offsetting with the loss from the investment holding segment due to higher management expenses, the Group still recorded a respectable higher profit before tax of RM62.5 million, increased by RM8.0 million or 14.7% as compared to RM54.5 million in the previous corresponding quarter in 2012.

The Group's revenue for the financial period ended 30 June 2013 grew by 5.8% to RM540.9 million largely contributed by the general insurance segment which registered an increase of 5.8% to RM523.3 million over the previous corresponding period in 2012. The revenue from the investment holding segment recorded a higher investment income of RM17.6 million, mainly due to a higher dividend income and interest income received during the period under review.

B1. REVIEW OF GROUP PERFORMANCE (CONT'D)

Consequent to the outstanding performance, the Group chalked up a profit before tax of RM113.6 million, which showed an increase of RM21.2 million or 22.9% as compared to RM92.4 million in the previous corresponding period in 2012. The significant increase was largely contributed by the general insurance segment which registered an impressive growth of RM19.2 million or 24.2% over the previous corresponding period in 2012. Investment holding segment also recorded a higher profit before tax of RM14.9 million as compared to RM12.9 million in the previous corresponding period in 2012 mainly due to a higher dividend income and interest income received during the period under review.

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

For the second quarter ended 30 June 2013, the Group recorded a higher profit before tax of RM62.5 million as compared to RM51.1 million in the preceding quarter ended 31 March 2013. The enhanced performance of the Group in the second quarter was mainly contributed by the general insurance segment which registered an impressive growth in underwriting profit of RM27.8 million to RM53.3 million as compared to the preceding quarter ended 31 March 2013. The growth in underwriting profit was mainly due to higher net earned premium and lower net claims incurred for the current quarter under review.

B3. CURRENT YEAR PROSPECT

- a) The slower demand from advanced economies continue to impact global trade performance. On domestic front, the Malaysian economy softened in first quarter 2013 with Gross Domestic Product grew at a slower pace of 4.1% from 6.5% in fourth quarter 2012 on sluggish exports.

Despite the challenging market conditions and an increasingly competitive business environment resulting from the on-going consolidation and the entry of global insurers into the Malaysian insurance industry, the Group will continue to build on the strong momentum gained in the first half of 2013 to drive its business and sustainable profitable growth. Its strategy is to focus on organic growth to increase its market share. The Group will continue to expand its traditional distribution channels of agency and bancassurance which contributed about 65% of the Group's total gross premium income. The Group will also accelerate growth in its broking and global partnership business.

B3. CURRENT YEAR PROSPECT (CONT'D)

- a) The Group will continue to maintain its disciplined underwriting and prudent investment policies with the objective of maximising long term shareholder value.

The Group is confident that it will maintain its earnings momentum and will continue to record satisfactory performance in the second half of 2013.

- b) Commentary on the Company's progress to achieve the revenue or profit 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 revenue or profit estimate, forecast, projection or internal targets. – Not Applicable.

B4. STATEMENT ON REVENUE OR PROFIT 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 revenue or profit 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 PROFIT FORECAST OR PROFIT GUARANTEE PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT

- a) Any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (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 Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2013	Preceding Year Corresponding Quarter Ended 30.06.2012	Current Year To Date Ended 30.06.2013	Preceding Year Corresponding Period Ended 30.06.2012
Profit before tax	62,507	54,531	113,598	92,352
Income tax:				
Current tax charge	15,928	14,100	24,907	20,455
Under / (Over) provision in prior year	-	-	-	(11)
	<u>15,928</u>	<u>14,100</u>	<u>24,907</u>	<u>20,444</u>
Effective tax rate on current tax charge	25%	26%	22%	22%

The effective tax rate on the current tax charge of the Group for the current financial period ended 30 June 2013 is 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 1 July 2013, 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's borrowing as at 30 June 2013 was as follows:-

Short term	RM'000
Unsecured	<u>32,500</u>

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2013. – Not Applicable.

B10. GAINS/ LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There were no gains/ losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 June 2013.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 1 July 2013, which is not earlier than 7 days from date of issue of this quarterly report.

B12. DIVIDEND

a) i) An interim dividend has been declared by the Directors;

ii) The amount per share:

	<u>Net per share</u> <u>(sen)</u>
• Single tier dividend	<u>18.00</u>

iii) The previous corresponding period:

	<u>Net per share</u> <u>(sen)</u>
• Single tier dividend	<u>15.00</u>

iv) The date payable: 31 July 2013;

v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 23 July 2013; and

b) The total dividend for the 6 months ended 30 June 2013: 18.00 sen single tier dividend per share.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2013	Preceding Year Corresponding Quarter Ended 30.06.2012	Current Year To Date Ended 30.06.2013	Preceding Year Corresponding Period Ended 30.06.2012
Profit after tax (RM'000)	46,579	40,431	88,691	71,908
Weighted average no. of ordinary shares in issue (‘000)	220,309	220,309	220,309	220,309
Basic earnings per share (sen)	21.14	18.35	40.25	32.64

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2013	Preceding Year Corresponding Quarter Ended 30.06.2012	Current Year To Date Ended 30.06.2013	Preceding Year Corresponding Period Ended 30.06.2012
Profit for the period is arrived at after charging:				
Finance costs	335	334	666	728
Depreciation of plant and equipment (N1)	1,082	855	2,164	1,704
Net foreign exchange loss / (gain) (N1)	87	216	206	282
and after crediting:				
Interest income (N2)	8,527	7,696	16,418	15,071
Dividend income (N2)	372	335	17,962	16,692
Rental income (N2)	76	130	195	307
Recovery of bad debts on insurance receivables (N1)	553	1	553	17
Gain on disposal of unquoted investments	-	-	32	-

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment allowance on insurance receivables, impairments of assets, gain or loss on derivatives and exceptional items for the current financial period ended 30 June 2013.

(N1) Depreciation of plant and equipment, net foreign exchange loss / (gain) and recovery of bad debts on insurance receivables are reported under item management expenses in the Condensed Consolidated Statement of Profit or Loss.

(N2) Interest income, dividend income and rental income are reported under item investment income in the Condensed Consolidated Statement of Profit or Loss.

B15. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 June 2013, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, are as follows:

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Group:		
- Realised	362,346	384,138
- Unrealised	7,841	8,058
	<u>370,187</u>	<u>392,196</u>
Total share of retained profits from associated company		
- Realised	4,339	3,794
	<u>374,526</u>	<u>395,990</u>
Less: Consolidation adjustments	(144,179)	(144,179)
Total retained profits as per statement of financial position	<u><u>230,347</u></u>	<u><u>251,811</u></u>

The determination of realised and unrealised profits 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 Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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