

**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 September 2013.

A4. CHANGES IN ESTIMATES

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

A6. DIVIDEND PAID

During the nine (9) months ended 30 September 2013, the Company paid the following dividends:

- a) 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; and
- b) An interim single tier dividend of 18.00 sen per ordinary share amounting to RM39,655,688 in respect of the financial year ending 31 December 2013 on 31 July 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 Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Inter-segment pricing, if any, is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. 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	← 9 Months Ended →					
	General insurance		Investment holding		Total	
	2013	2012	2013	2012	2013	2012
External revenue	794,094	739,554	30,279	27,843	824,373	767,397
Inter-segment revenue	-	-	130,000	150,000	130,000	150,000
Segment profit before tax	159,813	128,623	155,679	172,791	315,492	301,414
Segment assets	2,083,555	1,844,641	1,224,360	1,032,739	3,307,915	2,877,380
Segment liabilities	1,615,761	1,426,487	34,436	34,450	1,650,197	1,460,937

A7. OPERATING SEGMENTS (CONT'D)

i) Reconciliation of reportable segment profit:

RM'000	← 9 Months Ended →	
	2013	2012
Total profit for reportable segments	315,492	301,414
Elimination of inter-segment profit	(130,000)	(150,000)
Consolidated profit before tax	<u>185,492</u>	<u>151,414</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 9 Months Ended →	
	2013	2012
Total assets for reportable segments	3,307,915	2,877,380
Elimination of inter-segment assets	(200,212)	(200,205)
Consolidated assets	<u>3,107,703</u>	<u>2,677,175</u>

iii) Reconciliation of reportable segment liabilities:

RM'000	← 9 Months Ended →	
	2013	2012
Total liabilities for reportable segments	1,650,197	1,460,937
Elimination of inter-segment liabilities	(212)	(205)
Consolidated liabilities	<u>1,649,985</u>	<u>1,460,732</u>

A7. OPERATING SEGMENTS (CONT'D)

b) Underwriting results of insurance fund

i) For the financial period ended 30 September:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross written premiums	307,211	273,062	198,020	197,690	86,596	75,395	270,571	273,059	862,398	819,206
Change in unearned premiums provision	(39,999)	(30,604)	(7,999)	(896)	(12,105)	(14,422)	(34,078)	(57,819)	(94,181)	(103,741)
Gross earned premiums	267,212	242,458	190,021	196,794	74,491	60,973	236,493	215,240	768,217	715,465
Gross written premiums ceded to reinsurers	(123,433)	(109,152)	(35,209)	(28,491)	(76,807)	(62,766)	(128,654)	(149,340)	(364,103)	(349,749)
Change in unearned premiums provision	13,502	9,384	4,975	511	12,983	13,218	15,819	43,097	47,279	66,210
Premiums ceded to Reinsurers	(109,931)	(99,768)	(30,234)	(27,980)	(63,824)	(49,548)	(112,835)	(106,243)	(316,824)	(283,539)
Net earned premiums	157,281	142,690	159,787	168,814	10,667	11,425	123,658	108,997	451,393	431,926
Net claims incurred	(32,479)	(28,093)	(120,715)	(129,447)	(2,034)	(2,746)	(54,869)	(56,143)	(210,097)	(216,429)
Commission income	24,845	19,717	4,739	4,498	6,272	4,669	28,606	29,078	64,462	57,962
Commission expense	(32,166)	(30,150)	(19,171)	(19,992)	(4,476)	(4,000)	(36,184)	(36,604)	(91,997)	(90,746)
Net commission	(7,321)	(10,433)	(14,432)	(15,494)	1,796	669	(7,578)	(7,526)	(27,535)	(32,784)
Total out-go	(39,800)	(38,526)	(135,147)	(144,941)	(238)	(2,077)	(62,447)	(63,669)	(237,632)	(249,213)
Underwriting surplus before management expenses	117,481	104,164	24,640	23,873	10,429	9,348	61,211	45,328	213,761	182,713
Management expenses									(85,040)	(81,987)
Underwriting surplus after management expenses									128,721	100,726
Net claims incurred ratio (%)	20.7	19.7	75.5	76.7	19.1	24.0	44.4	51.5	46.5	50.1

A7. OPERATING SEGMENTS (CONT'D)

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

ii) For the 3 months period ended 30 September:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross written premiums	92,650	83,089	66,133	60,711	21,554	14,114	93,221	95,244	273,558	253,158
Change in unearned premiums provision	3,622	218	(2,039)	4,788	4,171	7,229	(17,385)	(28,948)	(11,631)	(16,713)
Gross earned premiums	96,272	83,307	64,094	65,499	25,725	21,343	75,836	66,296	261,927	236,445
Gross written premiums ceded to reinsurers	(31,995)	(28,063)	(11,681)	(8,619)	(18,381)	(10,547)	(49,908)	(55,909)	(111,965)	(103,138)
Change in unearned premiums provision	(7,076)	(5,988)	497	(356)	(3,835)	(7,583)	18,619	27,356	8,205	13,429
Premiums ceded to Reinsurers	(39,071)	(34,051)	(11,184)	(8,975)	(22,216)	(18,130)	(31,289)	(28,553)	(103,760)	(89,709)
Net earned premiums	57,201	49,256	52,910	56,524	3,509	3,213	44,547	37,743	158,167	146,736
Net claims incurred	(10,040)	(7,346)	(40,288)	(42,446)	(769)	(623)	(17,741)	(16,969)	(68,838)	(67,384)
Commission income	8,171	7,368	1,717	1,512	1,976	1,961	8,955	9,828	20,819	20,669
Commission expense	(11,735)	(10,345)	(6,406)	(6,647)	(1,340)	(1,444)	(12,282)	(12,951)	(31,763)	(31,387)
Net commission	(3,564)	(2,977)	(4,689)	(5,135)	636	517	(3,327)	(3,123)	(10,944)	(10,718)
Total out-go	(13,604)	(10,323)	(44,977)	(47,581)	(133)	(106)	(21,068)	(20,092)	(79,782)	(78,102)
Underwriting surplus before management expenses	43,597	38,933	7,933	8,943	3,376	3,107	23,479	17,651	78,385	68,634
Management expenses									(28,429)	(29,213)
Underwriting surplus after management expenses									49,956	39,421
Net claims incurred ratio (%)	17.6	14.9	76.1	75.1	21.9	19.4	39.8	45.0	43.5	45.9

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 September 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 September 2013, are as follows:-

RM'000	Carrying Amount	Fair Value
Financial assets:		
Other investments		
Available-for-sale financial assets	1,029,369	1,029,369
Held-to-maturity financial assets	298,673	308,266
Reinsurance assets	331,366	331,366
Loans and receivables, excluding insurance receivables	473,830	473,830
Insurance receivables	151,230	151,230
Cash and cash equivalents	476,159	476,159
	<u>2,760,627</u>	<u>2,770,220</u>
Financial liabilities:		
Provision for outstanding claims	(606,076)	(606,076)
Borrowings	(32,500)	(32,500)
Insurance payables	(120,002)	(120,002)
Other payables	(117,937)	(117,937)
	<u>(876,515)</u>	<u>(876,515)</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 September 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	1,029,369	-	-	1,029,369

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 30.09.2013	Preceding Year Corresponding Period Ended 30.09.2012
Income earned:		
Premium income	27,489	25,036
Dividend income	30,454	28,109
Fixed deposits income	2,910	2,662
Corporate debt securities' interest income	2,280	2,281
	<u>63,133</u>	<u>58,088</u>
Expenditure incurred:		
Rental paid	(1,984)	(1,861)
Commission incurred for insurance business introduced	(27,702)	(25,490)
	<u>(29,686)</u>	<u>(27,351)</u>
Other Transactions:		
Purchase of corporate debt securities	<u>(10,000)</u>	-

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

B1. REVIEW OF GROUP PERFORMANCE

For the third quarter of 2013, the Group registered a growth in revenue of 10.6% to RM283.5 million, contributed mainly by the general insurance segment that registered an increase of 10.6% to RM270.8 million over the previous corresponding quarter in 2012. The growth in the revenue of the general insurance segment was driven by higher gross earned premium for the quarter which registered a growth of RM25.5 million or 10.8% to RM261.9 million as compared to RM236.4 million recorded in the previous corresponding quarter in 2012. The increase in gross earned premium is in line with the strategic business planning of the Group in growing the profitable insurance business. Besides, the revenue from investment holding segment also grew from RM11.5 million to RM12.7 million as compared to the previous corresponding quarter in 2012 due to higher dividend income and interest income received during the quarter.

The Group recorded a creditable increase in profit before tax of RM71.9 million for the quarter compared to RM59.1 million in the previous corresponding quarter in 2012, a rise of 21.7% on the back of an improved performance by its wholly-owned subsidiary, Lonpac Insurance Bhd (“Lonpac”). The profit before tax of the general insurance segment jumped by RM11.9 million or 24.2% from RM49.2 million registered in the previous corresponding quarter to RM61.1 million as a result of prudent underwriting and disciplined claims management. The underwriting profit for the quarter rose by RM10.6 million or 26.9% from RM39.4 million to RM50.0 million, contributed by the growth in premium income as mentioned above and the lower net claims incurred ratio of 43.5% compared to 45.9% in the previous corresponding quarter in 2012. In addition, investment holding segment also recorded a higher profit before tax of RM10.8 million as compared to RM9.9 million in the previous corresponding quarter in 2012 mainly due to higher dividend income and interest income received.

For the financial period ended 30 September 2013, the Group registered a growth in revenue of 7.4% to RM824.4 million, contributed mainly by the general insurance segment which registered a growth of 7.4% to RM794.1 million over the previous corresponding period in 2012. The revenue from the investment holding segment recorded a higher investment income of RM30.3 million, mainly due to a higher dividend income and interest income received during the period under review.

B1. REVIEW OF GROUP PERFORMANCE (CONT'D)

As a result of the outstanding performance, the Group recorded a remarkable profit before tax of RM185.5 million, increased by RM34.1 million or 22.5% as compared to RM151.4 million in the previous corresponding period in 2012. The significant increase was contributed by the general insurance segment which registered an impressive growth of RM31.2 million or 24.3% over the previous corresponding period in 2012. The strong growth in the underwriting profit registered by Lonpac was the key contributor to the Group's outstanding performance. The impressive underwriting profit was contributed by the increase in premium income and improved net claims incurred ratio of 46.5% compared to 50.1% in the previous corresponding period in 2012. Investment holding segment also recorded a higher profit before tax of RM25.7 million as compared to RM22.8 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 third quarter ended 30 September 2013, the Group recorded a higher profit before tax of RM71.9 million as compared to RM62.5 million in the preceding quarter ended 30 June 2013. The increase in the profit before tax for the said quarter was mainly due to higher investment income received.

B3. CURRENT YEAR PROSPECT

- a) The outlook in advanced economies notably the US and EU are improving and there are signs the China economy is stabilising, but the recent jittery in the currency and financial market in the emerging Asian economies arising from the uncertainty over QE tapering by the Federal Reserve may have a negative impact on our market environment.

Despite the challenging market conditions and intense competition in the insurance industry resulting from the on-going consolidation and the entry of global insurers into the Malaysian insurance market, the Group will continue to build on the strong momentum gained in the nine months 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) Through intensive efforts to improve our internal efficiency, and continued focus on 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 final quarter 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 30.09.2013	Preceding Year Corresponding Quarter Ended 30.09.2012	Current Year To Date Ended 30.09.2013	Preceding Year Corresponding Period Ended 30.09.2012
Profit before tax	71,894	59,062	185,492	151,414
Income tax:				
Current tax charge	12,659	12,450	37,566	32,905
Under / (Over) provision in prior year	(1,122)	(1,020)	(1,122)	(1,031)
	<u>11,537</u>	<u>11,430</u>	<u>36,444</u>	<u>31,874</u>
Effective tax rate on current tax charge	18%	21%	20%	22%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 September 2013 is lower than the statutory tax rate mainly due to tax-exempt dividends received, double tax deduction for payment made to Malaysian Motor Insurance Pool 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 October 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 September 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 September 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 September 2013.

B11. CHANGES IN MATERIAL LITIGATION

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

B12. DIVIDEND

The total dividend for the nine (9) months ended 30 September 2013 was 18.00 sen single tier per share.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
Profit after tax (RM'000)	60,357	47,632	149,048	119,540
Weighted average no. of ordinary shares in issue ('000)	220,309	220,309	220,309	220,309
Basic earnings per share (sen)	27.40	21.62	67.65	54.26

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2013	Preceding Year Corresponding Quarter Ended 30.09.2012	Current Year To Date Ended 30.09.2013	Preceding Year Corresponding Period Ended 30.09.2012
Profit for the period is arrived at after charging:				
Finance costs	338	337	1,004	1,065
Depreciation of plant and equipment (N1)	1,073	850	3,237	2,554
Net foreign exchange loss / (gain) (N1)	124	2	330	284
and after crediting:				
Interest income (N2)	8,730	8,144	25,148	23,215
Dividend income (N2)	12,761	11,608	30,723	28,300
Rental income (N2)	90	110	285	417
Recovery of bad debts on insurance receivables (N1)	-	-	553	17
Gain on disposal of quoted and unquoted investments (N3)	759	10	791	10

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 September 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.

B14. PROFIT FOR THE PERIOD (CONT'D)

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

(N3) Gain on disposal of quoted and unquoted investments are reported under item realised gains and losses 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 September 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 30.09.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Group:		
- Realised	382,999	384,138
- Unrealised	7,635	8,058
	<u>390,634</u>	<u>392,196</u>
Total share of retained profits from associated company		
- Realised	4,594	3,794
	<u>395,228</u>	<u>395,990</u>
Less: Consolidation adjustments	(144,179)	(144,179)
Total retained profits as per statement of financial position	<u>251,049</u>	<u>251,811</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.