

**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 Group has not applied the following accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group:

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

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

A1. BASIS OF PREPARATION (CONT'D)

The initial application of the abovementioned standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group except as mentioned below:-

**MFRS 9, Financial Instruments**

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

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

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 1<sup>st</sup> Quarter and 3<sup>rd</sup> 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 financial year ended 31 December 2013.

A4. CHANGES IN ESTIMATES

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

## A6. DIVIDEND PAID

During the financial year ended 31 December 2013, the Company paid the following dividends:

- a) A second interim single tier dividend of 50.00 sen per ordinary share totalling 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 totaling RM39,655,688 in respect of the financial year ended 31 December 2013 on 31 July 2013.

## A7. OPERATING SEGMENT

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

A7. OPERATING SEGMENT (CONT'D)

a) Segment reporting:

RM'000	← 12 Months Ended →					
	General insurance		Investment holding		Total	
	2013	2012	2013	2012	2013	2012
External revenue	1,088,349	1,011,135	30,673	28,191	1,119,022	1,039,326
Inter-segment revenue	-	-	130,000	150,000	130,000	150,000
Segment profit before tax	232,239	192,135	154,562	172,029	386,801	364,164
Segment assets	2,087,823	1,812,865	1,314,508	1,136,397	3,402,331	2,949,262
Segment liabilities	1,562,491	1,343,331	33,297	33,287	1,595,788	1,376,618

i) Reconciliation of reportable segment profit:

RM'000	← 12 Months Ended →	
	2013	2012
Total profit for reportable segments	386,801	364,164
Elimination of inter-segment profit	(130,000)	(150,128)
Consolidated profit before tax	<u>256,801</u>	<u>214,036</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 12 Months Ended →	
	2013	2012
Total assets for reportable segments	3,402,331	2,949,262
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>3,202,331</u>	<u>2,749,262</u>

## A7. OPERATING SEGMENT (CONT'D)

### b) Underwriting results of insurance fund

#### i) For the financial year ended 31 December:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross written premiums	402,834	350,181	261,040	254,494	103,122	101,628	338,682	327,557	1,105,678	1,033,860
Change in unearned premiums provision	(28,077)	(18,889)	(7,061)	6,498	(2,163)	(9,863)	(15,256)	(33,259)	(52,557)	(55,513)
Gross earned premiums	374,757	331,292	253,979	260,992	100,959	91,765	323,426	294,298	1,053,121	978,347
Gross written premiums ceded to reinsurers	(157,739)	(136,410)	(45,748)	(36,570)	(89,995)	(85,147)	(154,716)	(172,488)	(448,198)	(430,615)
Change in unearned premiums provision	6,172	1,061	4,253	(248)	3,100	8,613	2,272	27,364	15,797	36,790
Premiums ceded to Reinsurers	(151,567)	(135,349)	(41,495)	(36,818)	(86,895)	(76,534)	(152,444)	(145,124)	(432,401)	(393,825)
Net earned premiums	223,190	195,943	212,484	224,174	14,064	15,231	170,982	149,174	620,720	584,522
Net claims incurred	(47,324)	(33,476)	(160,833)	(169,860)	(3,062)	(4,472)	(71,086)	(70,091)	(282,305)	(277,899)
Commission income	32,736	25,994	6,565	5,859	8,345	6,106	38,055	37,176	85,701	75,135
Commission expense	(44,643)	(40,948)	(25,647)	(26,517)	(5,900)	(5,330)	(48,544)	(48,339)	(124,734)	(121,134)
Net commission	(11,907)	(14,954)	(19,082)	(20,658)	2,445	776	(10,489)	(11,163)	(39,033)	(45,999)
Total out-go	(59,231)	(48,430)	(179,915)	(190,518)	(617)	(3,696)	(81,575)	(81,254)	(321,338)	(323,898)
Underwriting surplus before management expenses	163,959	147,513	32,569	33,656	13,447	11,535	89,407	67,920	299,382	260,624
Management expenses									(113,159)	(108,755)
Underwriting surplus after management expenses									186,223	151,869
Net claims incurred ratio (%)	21.2	17.1	75.7	75.8	21.8	29.4	41.6	47.0	45.5	47.5

## A7. OPERATING SEGMENT (CONT'D)

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

#### ii) For the 3 months period ended 31 December:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross written premiums	95,623	77,119	63,020	56,804	16,526	26,233	68,111	54,498	243,280	214,654
Change in unearned premiums provision	11,922	11,715	938	7,394	9,942	4,559	18,822	24,560	41,624	48,228
Gross earned premiums	107,545	88,834	63,958	64,198	26,468	30,792	86,933	79,058	284,904	262,882
Gross written premiums ceded to reinsurers	(34,306)	(27,258)	(10,539)	(8,079)	(13,188)	(22,381)	(26,062)	(23,148)	(84,095)	(80,866)
Change in unearned premiums provision	(7,330)	(8,323)	(722)	(759)	(9,883)	(4,605)	(13,547)	(15,733)	(31,482)	(29,420)
Premiums ceded to Reinsurers	(41,636)	(35,581)	(11,261)	(8,838)	(23,071)	(26,986)	(39,609)	(38,881)	(115,577)	(110,286)
Net earned premiums	65,909	53,253	52,697	55,360	3,397	3,806	47,324	40,177	169,327	152,596
Net claims incurred	(14,845)	(5,383)	(40,118)	(40,413)	(1,028)	(1,726)	(16,217)	(13,948)	(72,208)	(61,470)
Commission income	7,891	6,277	1,826	1,361	2,073	1,437	9,449	8,098	21,239	17,173
Commission expense	(12,477)	(10,798)	(6,476)	(6,525)	(1,424)	(1,330)	(12,360)	(11,735)	(32,737)	(30,388)
Net commission	(4,586)	(4,521)	(4,650)	(5,164)	649	107	(2,911)	(3,637)	(11,498)	(13,215)
Total out-go	(19,431)	(9,904)	(44,768)	(45,577)	(379)	(1,619)	(19,128)	(17,585)	(83,706)	(74,685)
Underwriting surplus before management expenses	46,478	43,349	7,929	9,783	3,018	2,187	28,196	22,592	85,621	77,911
Management expenses									(28,119)	(26,768)
Underwriting surplus after management expenses									57,502	51,143
Net claims incurred ratio (%)	22.5	10.1	76.1	73.0	30.3	45.3	34.3	34.7	42.6	40.3

#### 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 year ended 31 December 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

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group’s investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

## A11. FINANCIAL INSTRUMENTS (CONT'D)

### Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the condensed consolidated statement of financial position.

31.12.2013	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
RM'000										
<b>Financial assets</b>										
Available-for-sale financial assets										
- Unit trust	6,065	-	-	6,065	-	-	-	-	6,065	6,065
- Quoted shares	1,118,692	-	-	1,118,692	-	-	-	-	1,118,692	1,118,692
Held-to-maturity financial assets										
- Malaysian Government Securities	-	-	-	-	-	45,732	-	45,732	45,732	45,278
- Government Investment Issues	-	-	-	-	-	19,703	-	19,703	19,703	19,573
- Malaysian Government Guaranteed Loans	-	-	-	-	-	15,094	-	15,094	15,094	15,133
- Singapore Government Securities	-	-	-	-	-	1,404	-	1,404	1,404	1,300
- Corporate debts securities	-	-	-	-	-	232,656	-	232,656	232,656	224,525
	<u>1,124,757</u>	<u>-</u>	<u>-</u>	<u>1,124,757</u>	<u>-</u>	<u>314,589</u>	<u>-</u>	<u>314,589</u>	<u>1,439,346</u>	<u>1,430,566</u>
<b>Financial liabilities</b>										
Provision for outstanding claims	-	-	-	-	-	609,975	-	609,975	609,975	630,427



## A11. FINANCIAL INSTRUMENTS (CONT'D)

### Fair value information (cont'd)

31.12.2012 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Total		
<b>Financial assets</b>							
Available-for-sale financial assets							
- Unit trust	6,602	-	-	6,602	-	6,602	6,602
- Quoted shares	939,516	-	-	939,516	-	939,516	939,516
Held-to-maturity financial assets							
- Malaysian Government Securities	-	-	-	-	51,382	51,382	50,499
- Government Investment Issues	-	-	-	-	19,842	19,842	19,576
- Malaysian Government Guaranteed Loans	-	-	-	-	10,189	10,189	10,151
- Singapore Government Securities	-	-	-	-	1,299	1,299	1,248
- Corporate debts securities	-	-	-	-	207,915	207,915	197,198
	<u>946,118</u>	<u>-</u>	<u>-</u>	<u>946,118</u>	<u>290,627</u>	<u>1,236,745</u>	<u>1,224,790</u>
<b>Financial liabilities</b>							
Provision for outstanding claims	-	-	-	-	473,237	473,237	493,909

\* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

## A11. FINANCIAL INSTRUMENTS (CONT'D)

Fair value information (cont'd)

### **Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### **Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

### **Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

### ***Non-derivative financial liabilities***

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

### ***Transfers between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and 2 fair values during the financial year. (2012: no transfer in either directions)

### **Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

## 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 31.12.2013	Preceding Year Corresponding Period Ended 31.12.2012
<b>Income earned:</b>		
Premium income	29,049	26,121
Dividend income	30,617	28,275
Fixed deposits income	3,802	3,534
Corporate debt securities' interest income	3,167	3,047
	<u>66,635</u>	<u>60,977</u>
<b>Expenditure incurred:</b>		
Rental paid	(2,696)	(2,481)
Commission incurred for insurance business introduced	(36,782)	(33,427)
	<u>(39,478)</u>	<u>(35,908)</u>
<b>Transactions:</b>		
Purchase of corporate debt securities	(10,000)	-

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

### **B1. REVIEW OF GROUP PERFORMANCE**

The Group achieved commendable growth in both revenue and profit before tax for the fourth quarter of 2013. Group's revenue rose 8.3% to RM294.6 million largely contributed by the general insurance segment which recorded an impressive growth of 8.4% over the previous corresponding quarter in 2012. The increase was mainly contributed by higher gross earned premium for the quarter which registered a growth of RM22.0 million or 8.4% to RM284.9 million as compared to RM262.9 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. 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 both of the gross and net earned premium has translated into better underwriting results. Total underwriting profit for the current quarter gained 12.5% or 6.4 million to RM57.5 million compared to RM51.1 million in the previous corresponding quarter. With the improvement in underwriting results, the Group recorded a higher profit before tax of RM72.4 million from the general insurance segment, a rise of 14.0% on the back of an improved performance by its wholly-owned subsidiary, Lonpac Insurance Bhd ("Lonpac"). 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 RM71.3 million, increased by RM8.7 million or 13.9% as compared to RM62.6 million in the previous corresponding quarter in 2012.

For the financial year ended 31 December 2013, the Group's revenue gained 7.7% or RM79.7 million to RM1,119.0 million compared to RM1,039.3 million in 2012. The increase was largely contributed by the general insurance segment which registered an increase of 7.6% to RM1,088.3 million as compared to last year. In addition, the revenue from the investment holding segment recorded a higher investment income of RM30.7 million, mainly due to a higher dividend income and interest income received during the current year.

## B1. REVIEW OF GROUP PERFORMANCE (CONT'D)

As a result of the outstanding performance, the Group recorded a remarkable profit before tax of RM256.8 million, increased by RM42.8 million or 20.0% as compared to last year. The significant increase in profit before tax was contributed by the general insurance segment which registered an impressive growth of RM40.1 million or 20.9%. 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 to 45.5% from 47.5%. Investment holding segment also recorded a higher profit before tax of RM24.6 million as compared to RM21.9 million mainly due to a higher dividend income and interest income received during the current year.

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

For the fourth quarter ended 31 December 2013, the Group recorded a lower profit before tax of RM71.3 million as compared to RM71.9 million in the preceding quarter ended 30 September 2013. The decrease in profit before tax for the said quarter was mainly due to lower investment income received.

## B3. NEXT YEAR PROSPECT

- a) The global economy ended the year 2013 on a mixed note, with the major advanced economies showing encouraging signs of sustained recovery, while growth in many emerging economies has moderated.

The Malaysian economy continued to expand steadily. GDP growth was 4.5% in nine months of 2013 and is on track to achieve the growth target of 4.5% to 5.0% in 2013.

The Group expects the insurance industry to become increasingly competitive, as the deadline for liberalisation draws closer. Further consolidation in the insurance sector is also expected to further drive up competition. However, we are optimistic that the industry will still enjoy positive growth in 2014 despite persistent challenges.

The Group expects to continue its strong domestic showing despite the more adverse operating environment. We believe that the marketing and executing strategies that have served us well over the last several years will continue to be effective going forward.

**B3. NEXT YEAR PROSPECT (CONT'D)**

- a) The Group will continue to build on the strong momentum gained in 2013 to drive its business and sustainable profitable growth. The Group will continue to focus on organic growth to increase its market share. Agency and financial institutions will remain to be our key distribution channels, as such, we will focus on building the agency network and continue to leverage on our partnership with Public Bank by using bancassurance to expand our insurance business. The Group will continue to grow its broking and global partnership business.

With its resilient financial performance as well as strong and healthy balance sheet, the Group is confident that it will maintain its earnings momentum and deliver a satisfactory performance in 2014.

- 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 31.12.2013	Preceding Year Corresponding Quarter Ended 31.12.2012	Current Year To Date Ended 31.12.2013	Preceding Year Corresponding Period Ended 31.12.2012
Profit before tax	71,309	62,622	256,801	214,036
Income tax:				
Current tax charge	18,917	14,960	56,483	47,865
Under / (Over) provision in prior year	-	277	(1,122)	(754)
	<u>18,917</u>	<u>15,237</u>	<u>55,361</u>	<u>47,111</u>
Effective tax rate on current tax charge	27%	24%	22%	22%

The effective tax rate on the current tax charge of the Group for the current quarter is higher than the statutory tax rate mainly due to certain non-tax deductible expenses. However, the effective tax rate is lower for the financial year ended 31 December 2013 due to tax-exempt dividends received and certain income being taxed at reduced rate.

## B7. STATUS OF CORPORATE PROPOSALS

- a) There was no corporate proposal announced but not completed as at 1 January 2014, 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 31 December 2013 was as follows:-

<b>Short term</b>	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 31 December 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 year ended 31 December 2013.

## B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 1 January 2014, which is not earlier than 7 days from date of issue of this quarterly report.

## B12. DIVIDEND

- a.
  - i) The Directors had declared a second interim single tier dividend for the financial year ended 31 December 2013.
  - ii) The amount per share: 52.00 sen single tier.
  - iii) The previous corresponding period for second interim single tier dividend: 50.00 sen single tier.
  - iv) The date payable: 6 February 2014.
  - v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 27 January 2014.

- b. The total dividend for the financial year ended 31 December 2013:-

	<u>Net per share</u> (sen)
<u>First Interim Dividend</u>	
• Single tier dividend	18.00
<u>Second Interim Dividend</u>	
• Single tier dividend	52.00
	<u>70.00</u>



### B13. EARNINGS PER SHARE

#### a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2013	Preceding Year Corresponding Quarter Ended 31.12.2012	Current Year To Date Ended 31.12.2013	Preceding Year Corresponding Period Ended 31.12.2012
Profit after tax (RM'000)	52,392	47,385	201,440	166,925
Weighted average no. of ordinary shares in issue ('000)	220,309	220,309	220,309	220,309
Basic earnings per share (sen)	23.79	21.51	91.44	75.77

#### b) Diluted earnings per share. – Not Applicable.

## B14. PROFIT FOR THE PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2013	Preceding Year Corresponding Quarter Ended 31.12.2012	Current Year To Date Ended 31.12.2013	Preceding Year Corresponding Period Ended 31.12.2012
<b>Profit for the period is arrived at after charging:</b>				
Finance costs	338	338	1,342	1,403
Depreciation of plant and equipment (N1)	1,093	927	4,330	3,481
Net foreign exchange loss / (gain) (N1)	96	190	426	474
<b>and after crediting:</b>				
Interest income (N2)	9,129	8,426	34,277	31,641
Dividend income (N2)	494	532	31,217	28,832
Rental income (N2)	122	89	407	506
Recovery of bad debts on insurance receivables (N1)	-	-	553	17
Gain on disposal of quoted and unquoted investments (N3)	5	-	796	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 year ended 31 December 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 31 December 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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Group:		
- Realised	432,251	384,138
- Unrealised	10,709	8,058
	<hr/> 442,960	<hr/> 392,196
Total share of retained profits from associated company		
- Realised	4,660	3,794
	<hr/> 447,620	<hr/> 395,990
Less: Consolidation adjustments	<hr/> (144,179)	<hr/> (144,179)
Total retained profits as per statement of financial position	<hr/> 303,441	<hr/> 251,811

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.