

**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 2013.

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 2013, except for the adoption of the following:

MFRSs/ Amendments/Interpretations	Effective date
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

The initial application of the aforesaid applicable standards, amendments and interpretations are not expected to have any material 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 2014.

A4. CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2014.

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 2014.

A6. DIVIDEND PAID

In the current interim period ended 30 June 2014, the Company paid a second interim single tier dividend of 52.00 sen per ordinary share amounting to RM114,560,878 in respect of the financial year ended 31 December 2013 on 6 February 2014.

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	← 6 Months Ended →					
	General insurance		Investment holding		Total	
	2014	2013	2014	2013	2014	2013
External revenue	551,646	523,280	17,643	17,585	569,289	540,865
Inter-segment revenue	-	-	130,000	130,000	130,000	130,000
Segment profit before tax	116,689	98,723	144,536	144,875	261,225	243,598
Segment assets	2,261,445	2,000,296	1,322,359	1,207,868	3,583,804	3,208,164
Segment liabilities	1,781,772	1,583,380	1,447	33,462	1,783,219	1,616,842

i) Reconciliation of reportable segment profit:

RM'000	← 6 Months Ended →	
	2014	2013
Total profit for reportable segments	261,225	243,598
Elimination of inter-segment profit	(130,000)	(130,000)
Consolidated profit before tax	<u>131,225</u>	<u>113,598</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 6 Months Ended →	
	2014	2013
Total assets for reportable segments	3,583,804	3,208,164
Elimination of inter-segment assets	(200,229)	(200,156)
Consolidated assets	<u>3,383,575</u>	<u>3,008,008</u>

iii) Reconciliation of reportable segment liabilities:

RM'000	← 6 Months Ended →	
	2014	2013
Total liabilities for reportable segments	1,783,219	1,616,842
Elimination of inter-segment liabilities	(229)	(156)
Consolidated liabilities	<u>1,782,990</u>	<u>1,616,686</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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Gross written premiums	230,578	214,561	136,823	131,887	66,484	65,042	172,126	177,350	606,011	588,840
Change in unearned premiums provision	(40,325)	(43,621)	(7,917)	(5,960)	(15,107)	(16,276)	(9,028)	(16,693)	(72,377)	(82,550)
Gross earned premiums	190,253	170,940	128,906	125,927	51,377	48,766	163,098	160,657	533,634	506,290
Gross written premiums ceded to reinsurers	(92,372)	(91,438)	(26,130)	(23,528)	(58,876)	(58,426)	(77,270)	(78,746)	(254,648)	(252,138)
Change in unearned premiums provision	12,239	20,578	953	4,478	14,575	16,818	2,390	(2,800)	30,157	39,074
Premiums ceded to reinsurers	(80,133)	(70,860)	(25,177)	(19,050)	(44,301)	(41,608)	(74,880)	(81,546)	(224,491)	(213,064)
Net earned premiums	110,120	100,080	103,729	106,877	7,076	7,158	88,218	79,111	309,143	293,226
Net claims incurred	(17,558)	(22,439)	(76,913)	(80,427)	(3,024)	(1,265)	(43,197)	(37,128)	(140,692)	(141,259)
Commission income	18,763	16,674	4,332	3,022	4,301	4,296	19,244	19,651	46,640	43,643
Commission expense	(22,728)	(20,431)	(13,007)	(12,765)	(2,836)	(3,136)	(22,860)	(23,902)	(61,431)	(60,234)
Net commission	(3,965)	(3,757)	(8,675)	(9,743)	1,465	1,160	(3,616)	(4,251)	(14,791)	(16,591)
Total out-go	(21,523)	(26,196)	(85,588)	(90,170)	(1,559)	(105)	(46,813)	(41,379)	(155,483)	(157,850)
Underwriting surplus before management expenses	88,597	73,884	18,141	16,707	5,517	7,053	41,405	37,732	153,660	135,376
Management expenses									(61,430)	(56,611)
Underwriting surplus after management expenses									92,230	78,765
Net claims incurred ratio (%)	15.9	22.4	74.1	75.3	42.7	17.7	49.0	46.9	45.5	48.2

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Gross written premiums	100,246	100,282	65,508	62,614	17,045	38,499	68,608	71,908	251,407	273,303
Change in unearned premiums provision	10,079	1,510	(189)	(110)	5,249	(11,240)	15,473	9,960	30,612	120
Gross earned premiums	110,325	101,792	65,319	62,504	22,294	27,259	84,081	81,868	282,019	273,423
Gross written premiums ceded to reinsurers	(31,723)	(41,836)	(12,258)	(11,221)	(13,374)	(35,039)	(28,671)	(29,513)	(86,026)	(117,609)
Change in unearned premiums provision	(7,831)	(347)	697	1,343	(5,743)	11,429	(9,872)	(9,791)	(22,749)	2,634
Premiums ceded to reinsurers	(39,554)	(42,183)	(11,561)	(9,878)	(19,117)	(23,610)	(38,543)	(39,304)	(108,775)	(114,975)
Net earned premiums	70,771	59,609	53,758	52,626	3,177	3,649	45,538	42,564	173,244	158,448
Net claims incurred	(10,744)	(12,161)	(40,080)	(38,153)	(1,244)	(631)	(19,545)	(18,139)	(71,613)	(69,084)
Commission income	8,268	9,545	1,976	1,604	1,973	2,367	9,420	9,288	21,637	22,804
Commission expense	(12,698)	(11,918)	(6,547)	(6,321)	(1,288)	(1,695)	(12,205)	(12,174)	(32,738)	(32,108)
Net commission	(4,430)	(2,373)	(4,571)	(4,717)	685	672	(2,785)	(2,886)	(11,101)	(9,304)
Total out-go	(15,174)	(14,534)	(44,651)	(42,870)	(559)	41	(22,330)	(21,025)	(82,714)	(78,388)
Underwriting surplus before management expenses	55,597	45,075	9,107	9,756	2,618	3,690	23,208	21,539	90,530	80,060
Management expenses									(31,163)	(26,805)
Underwriting surplus after management expenses									59,367	53,255
Net claims incurred ratio (%)	15.2	20.4	74.6	72.5	39.2	17.3	42.9	42.6	41.3	43.6

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

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.

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.

30.06.2014 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	Level 1	Level 2	Level 3	Total		
Financial assets										
Available-for-sale financial assets										
- Unit trust	5,875	-	-	5,875	-	-	-	-	5,875	5,875
- Quoted shares	1,122,354	-	-	1,122,354	-	-	-	-	1,122,354	1,122,354
Held-to-maturity financial assets										
- Malaysian Government Securities	-	-	-	-	-	44,957	-	44,957	44,957	44,686
- Government Investment Issues	-	-	-	-	-	19,618	-	19,618	19,618	19,572
- Malaysian Government Guaranteed Loans	-	-	-	-	-	15,062	-	15,062	15,062	15,124
- Singapore Government Securities	-	-	-	-	-	1,382	-	1,382	1,382	1,298
- Corporate debts securities	-	-	-	-	-	244,408	-	244,408	244,408	237,807
	<u>1,128,229</u>	<u>-</u>	<u>-</u>	<u>1,128,229</u>	<u>-</u>	<u>325,427</u>	<u>-</u>	<u>325,427</u>	<u>1,453,656</u>	<u>1,446,716</u>
Financial liabilities										
Provision for outstanding Claims										
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,653</u>	<u>-</u>	<u>677,653</u>	<u>677,653</u>	<u>701,759</u>

A11. FINANCIAL INSTRUMENTS (CONT'D)

Fair value information (cont'd)

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										
Financial assets										
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>
Financial liabilities										
Provision for outstanding Claims	-	-	-	-	-	609,975	-	609,975	609,975	630,427

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 current interim period ended 30 June 2014. (30.06.2013: 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 30.06.2014	Preceding Year Corresponding Period Ended 30.06.2013
Income earned:		
Premium income	22,375	22,853
Dividend income	17,763	17,736
Fixed deposits income	1,867	1,963
Corporate debt securities' interest income	1,745	1,507
	<u>43,750</u>	<u>44,059</u>
Expenditure incurred:		
Rental paid	(1,424)	(1,272)
Insurance Commission	(19,495)	(18,204)
	<u>(20,919)</u>	<u>(19,476)</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 2014. The Group's revenue grew by 3.2% to RM291.5 million mainly contributed by the general insurance segment that registered an increase of 3.2% to RM291.1 million over the previous corresponding quarter in 2013. 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 RM8.6 million or 3.1% to RM282.0 million as compared to RM273.4 million recorded in the previous corresponding quarter in 2013. 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 was recorded at RM0.4 million, same as the previous corresponding quarter in 2013.

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 11.4% or 6.1 million to RM59.4 million compared to RM53.3 million in the previous corresponding quarter. With the improvement in underwriting results, the Group recorded a higher profit before tax of RM69.5 million from the general insurance segment, a rise of 9.8% 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 RM68.6 million, increased by RM6.1 million or 9.8% as compared to RM62.5 million in the previous corresponding quarter in 2013.

For the financial period ended 30 June 2014, the Group's revenue gained 5.3% or RM28.4 million to RM569.3 million compared to RM540.9 million in the previous corresponding period in 2013. The increase was largely contributed by the general insurance segment which registered an increase of 5.4% to RM551.7 million over the previous corresponding period in 2013. The revenue from the investment holding segment was recorded at RM17.6 million, same as the previous corresponding period in 2013.

B1. REVIEW OF GROUP PERFORMANCE (CONT'D)

As a result of the outstanding performance, the Group chalked up a profit before tax of RM131.2 million, which showed an increase of RM17.6 million or 15.5% as compared to RM113.6 million in the previous corresponding period in 2013. The significant increase was largely contributed by the general insurance segment which registered an impressive growth of RM18.0 million or 18.2% to RM116.7 million compared to RM98.7 million in the previous corresponding period in 2013. Investment holding segment recorded a lower profit before tax of RM14.5 million as compared to RM14.9 million in the previous corresponding period in 2013 mainly due to higher management expenses incurred.

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 2014, the Group recorded a higher profit before tax of RM68.6 million as compared to RM62.7 million in the preceding quarter ended 31 March 2014. 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 RM26.5 million to RM59.4 million as compared to the preceding quarter ended 31 March 2014. The growth in underwriting profit was mainly due to higher net earned premium for the current quarter under review.

B3. CURRENT YEAR PROSPECT

- a) Despite registering a strong 6.2% Gross Domestic Product (GDP) growth for the first quarter 2014, Malaysia may face a slower GDP growth going forward in view of highly leveraged householders and lower government spending as constrained by its efforts to reduce its fiscal deficit.

The volatile global and domestic economic environment will affect the growth of the Malaysian Insurance Industry. Coupled with the keen competition seen in both the insurance industries of Malaysia and Singapore, the Group foresees a slower growth in gross premium income for the remaining period in financial year 2014 as compared to the previous years. However, the Group is confident that it will continue to report favourable results for the second half year given its business strategy plan and prudent policy in underwriting and claims management.

B3. CURRENT YEAR PROSPECT (CONT'D)

- 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 30.06.2014	Preceding Year Corresponding Quarter Ended 30.06.2013	Current Year To Date Ended 30.06.2014	Preceding Year Corresponding Period Ended 30.06.2013
Profit before tax	68,551	62,507	131,225	113,598
Income tax:				
Current tax charge	17,370	15,928	29,464	24,907
Under / (Over) provision in prior year	-	-	(1)	-
	17,370	15,928	29,463	24,907
Effective tax rate on current tax charge	25%	25%	22%	22%

The effective tax rate on the current tax charge of the Group for the current financial period ended 30 June 2014 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 18 July 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 has no outstanding borrowings and debt securities for the current interim period ended 30 June 2014.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2014. – 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 2014.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 18 July 2014, 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>20.00</u>

iii) The previous corresponding period:

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

iv) The date payable: 21 August 2014;

v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 13 August 2014; and

b) The total dividend for the 6 months ended 30 June 2014: 20.00 sen single tier dividend per share.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2014	Preceding Year Corresponding Quarter Ended 30.06.2013	Current Year To Date Ended 30.06.2014	Preceding Year Corresponding Period Ended 30.06.2013
Profit after tax (RM'000)	51,181	46,579	101,762	88,691
Weighted average no. of ordinary shares in issue ('000)	220,309	220,309	220,309	220,309
Basic earnings per share (sen)	23.23	21.14	46.19	40.25

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2014	Preceding Year Corresponding Quarter Ended 30.06.2013	Current Year To Date Ended 30.06.2014	Preceding Year Corresponding Period Ended 30.06.2013
Profit for the period is arrived at after charging:				
Finance costs	-	335	74	666
Depreciation of plant and equipment (N1)	1,115	1,082	2,231	2,164
Net foreign exchange loss (N1)	(39)	87	10	206
and after crediting:				
Interest income (N2)	8,994	8,527	17,353	16,418
Dividend income (N2)	301	372	17,888	17,962
Rental income (N2)	177	76	414	195
Recovery of bad debts on insurance receivables (N1)	-	553	-	553
Gain on disposal of quoted and unquoted investments (N3)	-	-	3,832	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 2014.

(N1) Depreciation of plant and equipment and net foreign exchange loss 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.

(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 June 2014, 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 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Group:		
- Realised	418,944	432,251
- Unrealised	10,699	10,709
	<hr/> 429,643	<hr/> 442,960
Total share of retained profits from associated company		
- Realised	5,178	4,660
	<hr/> 434,821	<hr/> 447,620
Less: Consolidation adjustments	(144,179)	(144,179)
Total retained profits as per statement of financial position	<hr/> <hr/> 290,642	<hr/> <hr/> 303,441

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.