



**MPHB CAPITAL BERHAD**  
**(1010253 - W)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | 3 months ended       |              | 6 months ended       |              |
|--|----------------------|--------------|----------------------|--------------|
|  | 30 June 2013         | 30 June 2012 | 30 June 2013         | 30 June 2012 |
|  | RM'000               | RM'000       | RM'000               | RM'000       |
| Revenue  | 80,054               | N/A          | 80,054               | N/A          |
| Cost of sales  | <u>(54,067)</u>      | N/A          | <u>(54,067)</u>      | N/A          |
| Gross profit   | 25,987               | N/A          | 25,987               | N/A          |
| Other income   | 14,492               | N/A          | 14,492               | N/A          |
| Administrative expenses  | (9,970)              | N/A          | (9,970)              | N/A          |
| Other expenses   | <u>(9,438)</u>       | N/A          | <u>(9,439)</u>       | N/A          |
| <b>Operating profit</b>  | 21,071               | N/A          | 21,070               | N/A          |
| Finance costs  | (1,374)              | N/A          | (1,374)              | N/A          |
| Share of results of associate  | (21)                 | N/A          | (21)                 | N/A          |
| <b>Profit before tax</b>   | 19,676               | N/A          | 19,675               | N/A          |
| Income tax expense   | <u>(5,510)</u>       | N/A          | <u>(5,510)</u>       | N/A          |
| <b>Profit for the period</b>   | <u>14,166</u>        | N/A          | <u>14,165</u>        | N/A          |
| <b>Profit attributable to:</b>   |                      |              |                      |              |
| Equity holders of the company  | 14,414               | N/A          | 14,413               | N/A          |
| Non-controlling interests  | <u>(248)</u>         | N/A          | <u>(248)</u>         | N/A          |
|  | <b>14,166</b>        | <b>N/A</b>   | <b>14,165</b>        | <b>N/A</b>   |
| <b>Earnings per share ("EPS") attributable to equity holders of the company (sen):</b> |                      |              |                      |              |
| Basic EPS  | 2.0                  | N/A          | 2.0                  | N/A          |
| <b>Profit for the period</b>   | 14,166               | N/A          | 14,165               | N/A          |
| <b>Other comprehensive income:</b>   |                      |              |                      |              |
| Changes in fair value of available-for-sale("AFS") assets                              | <u>2,689</u>         | N/A          | <u>2,689</u>         | N/A          |
| <b>Total comprehensive income for the period</b>                                       | <u><b>16,855</b></u> | <b>N/A</b>   | <u><b>16,854</b></u> | <b>N/A</b>   |
| <b>Total comprehensive income attributable to:</b>                                     |                      |              |                      |              |
| Equity holders of the company  | 17,103               | N/A          | 17,102               | N/A          |
| Non-controlling interests  | <u>(248)</u>         | N/A          | <u>(248)</u>         | N/A          |
|  | <b>16,855</b>        | <b>N/A</b>   | <b>16,854</b>        | <b>N/A</b>   |

Notes :-

N/A - Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

|   | <b>As at<br/>30 June 2013<br/>RM'000</b> | <b>As at<br/>31 Dec 2012<br/>RM'000</b> |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| <b>Non-current assets</b>   |  |   |
| Property, plant and equipment   | 90,492                                   | N/A                                     |
| Investment properties   | 775,130                                  | N/A                                     |
| Investment in associate   | 428                                      | N/A                                     |
| Investment securities   | 1,001                                    | N/A                                     |
| Reinsurance assets  | 381,475                                  | N/A                                     |
| Intangible assets   | 42,622                                   | N/A                                     |
| Deferred tax assets   | 2,340                                    | N/A                                     |
|   | <b>1,293,488</b>                         | <b>N/A</b>                              |
| <b>Current assets</b>   |  |   |
| Inventories   | 219                                      | N/A                                     |
| Receivables   | 203,844                                  | N/A                                     |
| Tax recoverable   | 1,269                                    | N/A                                     |
| Investment securities   | 436,863                                  | N/A                                     |
| Cash and bank balances  | 363,187                                  | N/A                                     |
|   | <b>1,005,382</b>                         | <b>N/A</b>                              |
| <b>TOTAL ASSETS</b>   | <b>2,298,870</b>                         | <b>N/A</b>                              |
| <b>EQUITY AND LIABILITIES</b>   |  |   |
| <b>Equity attributable to equity holders of the company</b>                             |  |   |
| Share capital   | 715,000                                  | N/A                                     |
| Share premium   | 296,091                                  | N/A                                     |
| Other reserves  | 60,665                                   | N/A                                     |
| Merger deficit  | (28,464)                                 | N/A                                     |
| Retained profits  | 14,245                                   | N/A                                     |
| <b>Shareholders' equity</b>   | <b>1,057,537</b>                         | <b>N/A</b>                              |
| Non-controlling interests   | 16,518                                   | N/A                                     |
| <b>Total equity</b>   | <b>1,074,055</b>                         | <b>N/A</b>                              |
| <b>Non-current liabilities</b>  |  |   |
| Borrowings  | 83,241                                   | N/A                                     |
| Deferred tax liabilities  | 16,956                                   | N/A                                     |
| Insurance contract liabilities  | 754,653                                  | N/A                                     |
|   | <b>854,850</b>                           | <b>N/A</b>                              |
| <b>Current liabilities</b>  |  |   |
| Payables  | 338,719                                  | N/A                                     |
| Borrowings  | 23,261                                   | N/A                                     |
| Tax payable   | 7,985                                    | N/A                                     |
|   | <b>369,965</b>                           | <b>N/A</b>                              |
| <b>Total liabilities</b>  | <b>1,224,815</b>                         | <b>N/A</b>                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>2,298,870</b>                         | <b>N/A</b>                              |
| <b>Net assets per share attributable to ordinary equity holders of the company (RM)</b> | <b>1.48</b>                              | <b>N/A</b>                              |

Notes :-

N/A - Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2013

|-----Attributable to Equity Holders of the Company-----|  
|-----Non-distributable-----|

|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Other<br>Reserves<br>RM'000 | Merger<br>Deficit<br>RM'000 | Retained<br>Profits<br>RM'000 | Total<br>RM'000  | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|-------------------------------|------------------|--|---------------------------|
| At 1 January 2012 / 30 June 2012                                   | N/A                        | N/A                        | N/A                         | N/A                         | N/A                           | N/A              | N/A  | N/A                       |
| At 1 January 2013  | #                          | -                          | -                           | -                           | (168)                         | (168)            | -  | (168)                     |
| Issuance of ordinary shares  | 715,000                    | -                          | -                           | -                           | -                             | 715,000          | -  | 715,000                   |
| Effects arising from the merger and<br>acquisition of subsidiaries | -                          | 296,091                    | 57,976                      | (28,464)                    | -                             | 325,603          | 16,766                                     | 342,369                   |
| Total comprehensive income for the period                          | -                          | -                          | 2,689                       | -                           | 14,413                        | 17,102           | (248)                                      | 16,854                    |
| <b>At 30 June 2013</b>   | <b>715,000</b>             | <b>296,091</b>             | <b>60,665</b>               | <b>(28,464)</b>             | <b>14,245</b>                 | <b>1,057,537</b> | <b>16,518</b>                              | <b>1,074,055</b>          |

Note :-

# - represents RM2.00

N/A - Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013

|  | 6 months ended         |                        |
|--|------------------------|------------------------|
|  | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 |
| <b>OPERATING ACTIVITIES</b>  |                        |                        |
| Profit before tax  | 19,675                 | N/A                    |
| Adjustments for:   |                        |                        |
| Accretion of discounts less amortisation of premiums                         | 2                      | N/A                    |
| Amortisation of intangible assets  | 115                    | N/A                    |
| Changes in fair value of investment securities                               | (905)                  | N/A                    |
| Depreciation of property, plant and equipment                                | 1,714                  | N/A                    |
| Depreciation of investment properties  | 455                    | N/A                    |
| Dividend income on quoted shares and unit trusts                             | (1,321)                | N/A                    |
| Gain on disposal of investment securities                                    | (1,618)                | N/A                    |
| Increase in reserves for unexpired risks                                     | 6,103                  | N/A                    |
| Interest expense   | 1,374                  | N/A                    |
| Interest income  | (8,533)                | N/A                    |
| Property, plant and equipment written off                                    | 7                      | N/A                    |
| Share of results of associate  | 21                     | N/A                    |
| Write-back of provision for doubtful debts                                   | (597)                  | N/A                    |
| Operating cash flows before working capital changes                          | 16,492                 | N/A                    |
| Changes in working capital:  |                        |                        |
| Inventories  | 7                      | N/A                    |
| Receivables  | (17,820)               | N/A                    |
| Payables   | 31,290                 | N/A                    |
| Cash flows generated from operations   | 29,969                 | N/A                    |
| Income tax paid  | (2,497)                | N/A                    |
| <b>Net cash flows generated from operating activities</b>                    | 27,472                 | N/A                    |
| <b>INVESTING ACTIVITIES</b>  |                        |                        |
| Proceeds from disposal of :  |                        |                        |
| - investment securities  | 12,217                 | N/A                    |
| Purchase of :  |                        |                        |
| - property, plant and equipment  | (128)                  | N/A                    |
| - investment properties  | (13)                   | N/A                    |
| - investment securities  | (63,295)               | N/A                    |
| - intangible assets  | (88)                   | N/A                    |
| Net dividend received from :   |                        |                        |
| - quoted shares and unit trusts  | 1,321                  | N/A                    |
| Interest paid  | (1,081)                | N/A                    |
| Interest received  | 8,533                  | N/A                    |
| <b>Net cash flows used in investing activities</b>                           | (42,534)               | N/A                    |
| <b>FINANCING ACTIVITIES</b>  |                        |                        |
| Net repayment of borrowings  | (4,583)                | N/A                    |
| Net movement in fixed deposits with licensed banks                           | (287)                  | N/A                    |
| <b>Net cash flows used in financing activities</b>                           | (4,870)                | N/A                    |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                             | (19,932)               | N/A                    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>            | 382,832                | N/A                    |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>                  | 362,900                | N/A                    |
| Cash and cash equivalents consist of :                                       |                        |                        |
| Deposits, cash and bank balances   | 363,187                | N/A                    |
| Cash deposits with licensed banks with maturity period of more than 3 months | (287)                  | N/A                    |
|  | 362,900                | N/A                    |

Notes :-

N/A - Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

**A2 Significant Accounting Policies**

**A2.1 Adoption of Standards, Amendments and Issues Committee (IC) Interpretations and changes in accounting policies**

**(a) Adoption of Standards, Amendments and IC Interpretations**

The Group adopted the following Standards, Amendments and IC Interpretations:-

|   | <b>Effective for<br/>periods beginning<br/>on or after</b>                                    |
|---|---|
| MFRS 3  | Business Combinations   |
| MFRS 13   | Fair Value Measurement  |
| MFRS 119  | Employee Benefits (revised)   |
| MFRS 127  | Consolidated and Separate Financial Statements (revised)                                      |
| MFRS 128  | Investment in Associates and Joint Ventures (revised)   |
| Amendments to MFRS 1  | First-time adoption of MFRS   |
| Amendments to MFRS 7  | Financial Instruments: Disclosures<br>– Offsetting Financial Assets and Financial Liabilities |
| Amendments to MFRS10  | Consolidated Financial Statements: Transition Guidance  |
| Amendments to MFRS 11   | Joint Arrangements: Transition Guidance   |
| Amendments to MFRS 12   | Disclosure of Interests in Other Entities: Transition Guidance                                |
| Amendments to MFRS 101  | Presentation of Financial Statements  |
| Amendments to MFRS 116  | Property, Plant and Equipment   |
| Amendments to MFRS 132  | Financial Instruments: Presentation   |
| Amendments to MFRS 134  | Interim Financial Reporting   |
| Annual Improvements to IC Interpretations and MFRSs 2009-2011 Cycle | 1 January 2013  |

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any impact on the financial statements of the Group except for the following:-

**(i) MFRS 13 Fair Value Measurement**

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

Upon adoption of MFRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of MFRS 13 did not result in any significant change in fair value of properties of the Group, and

**(ii) Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income**

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings).

The adoption of this amendment affects presentation only and has no financial impact on the Group's financial statements.

**A2 Significant Accounting Policies (cont'd)**

**A2.2 Standards issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRSs were issued but not yet effective and have not been applied by the Group:

| MFRSs                  |   | Effective for periods<br>beginning on or after |
|------------------------|---|--|
| Amendments to MFRS 9   | Financial Instruments (IFRS 9 issued by IASB in October 2010)                               | 1 January 2015                                 |
| Amendments to MFRS 10  | Consolidated Financial Statements: Investment Entities                                      | 1 January 2014                                 |
| Amendments to MFRS 12  | Disclosure of Interests in Other Entities: Investment Entities                              | 1 January 2014                                 |
| Amendments to MFRS 127 | Consolidated and Separate Financial Statements: Investment Entities                         | 1 January 2014                                 |
| Amendments to MFRS 132 | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities | 1 January 2014                                 |

**A3 Seasonal or Cyclical Factors**

The performance of the Group is not affected by any seasonal or cyclical factors but is affected by the local economic conditions.

**A4 Segmental Information**

|                          | 3 months ended         |                        | 6 months ended         |                        |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
|                          | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 |
| <b>Segmental Revenue</b> |                        |                        |                        |                        |
| Insurance                | 70,369                 | N/A                    | 70,369                 | N/A                    |
| Credit                   | 629                    | N/A                    | 629                    | N/A                    |
| Investments              | 9,056                  | N/A                    | 9,056                  | N/A                    |
| Total                    | <u>80,054</u>          | <u>N/A</u>             | <u>80,054</u>          | <u>N/A</u>             |
| <b>Segmental Results</b> |                        |                        |                        |                        |
| Insurance                | 16,472                 | N/A                    | 16,472                 | N/A                    |
| Credit                   | 3,919                  | N/A                    | 3,919                  | N/A                    |
| Investments              | (715)                  | N/A                    | (716)                  | N/A                    |
|                          | <u>19,676</u>          | <u>N/A</u>             | <u>19,675</u>          | <u>N/A</u>             |
| Taxation                 | (5,510)                | N/A                    | (5,510)                | N/A                    |
| Profit for the period    | <u>14,166</u>          | <u>N/A</u>             | <u>14,165</u>          | <u>N/A</u>             |

N/A – Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**A4 Segmental Information (cont'd)**

**Assets and Liabilities as at 30 June 2013**

|  | <b>Assets<br/>RM'000</b> | <b>Liabilities<br/>RM'000</b> |
|--|--------------------------|-------------------------------|
| Insurance                                  | 1,179,890                | 885,493                       |
| Credit                                     | 174,144                  | 501                           |
| Investments                                | 941,227                  | 313,880                       |
|  | 2,295,261                | 1,199,874                     |
| Unallocated corporate assets / liabilities | 3,609                    | 24,941                        |
| <b>Total</b>                               | <b>2,298,870</b>         | <b>1,224,815</b>              |

**A5 Accounting Estimates**

There were no changes in estimates that have had any material effect on the current financial quarter and six months ended 30 June 2013.

**A6 Dividends Paid**

No dividend was paid during the current quarter under review.

**A7 Changes in Debt and Equity Securities**

The Company issued 714,999,998 ordinary shares of RM1.00 each on 29 March 2013.

The listing and quotation of the Company's entire issued and paid-up share capital of RM715 million comprising 715 million ordinary shares of RM1.00 each on Main Market of Bursa Securities was completed on 28 June 2013.

There were no issuance, cancellation, repurchase, resale and repayment of debts securities during the quarter under review.

**A8 Fair Value Hierarchy**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value observable, either directly or indirectly.

As at the reporting date, the Group held the following financial assets that are measured at fair value:

|                     |   | <b>Level 1</b> | <b>Level 2</b> | <b>Not at<br/>fair value</b> | <b>Total</b> |
|---------------------|---|----------------|----------------|------------------------------|--------------|
| <b>30 June 2013</b> |   |                |                |                              |              |
| Current             | Financial assets at fair value through profit or loss | 71,923         | -              | -                            | 71,923       |
|                     | Available-for-sale financial assets                   | 68,490         | 296,450        | -                            | 364,940      |
| Non-current         | Available-for-sale financial assets                   | -              | -              | 1,001                        | 1,001        |
|                     |   | 140,413        | 296,450        | 1,001                        | 437,864      |
| <b>30 June 2012</b> |   | N/A            | N/A            | N/A                          | N/A          |

N/A – Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**A9 Contingent Liabilities**

As at 22 August 2013, the Board is not aware of any other material contingent liabilities which have become enforceable or are likely to become enforceable which will affect the ability of the Company or any of its subsidiaries to meet its obligations as and when they fall due.

**A10 Material Subsequent Events**

On 21 Aug 2013, a wholly-owned subsidiary of the Company, Multi-Purpose Shipping Corporation Berhad, had entered into a Sale and Purchase Agreement with Twin Universal Sdn Bhd to dispose of 7 parcels of land located at Mukim B, Daerah Barat Daya, Pulau Pinang measuring approximately 9,042,280.17 square feet for a total cash consideration of RM226,057,004.20.

Further details on the above disposal have been announced on Bursa Securities on the same date.

**A11 Changes in Composition of the Group**

There were no significant changes in the composition of the Group during the quarter and six months ended 30 June 2013 except for the completion of the following acquisitions on 29 March 2013:-

- (i) Share sale agreement with Magnum Berhad ("Magnum") (formerly known as Multi-Purpose Holdings Berhad) for the acquisition of entire equity interest in West Jaya Sdn Bhd, Caribbean Gateway Sdn Bhd, Queensway Nominees (Tempatan) Sdn Bhd, Queensway Nominees (Asing) Sdn Bhd, Kelana Megah Development Sdn Bhd, Magnum.Com Sdn Bhd, Tibanis Sdn Bhd, Mimaland Berhad, Leisure Dotcom Sdn Bhd, Magnum Leisure Sdn Bhd from Magnum for a total consideration of RM399.74 million to be satisfied by a combination of cash payment of RM40.04 million and the issuance of 359.71 million new ordinary shares of RM1.00 each of the Company at the issue price of RM1.00 each;
- (ii) Share sale agreement with Magnum for the acquisition of entire equity interest in Multi-Purpose Shipping Corporation Berhad, Jayavest Sdn Bhd and Syarikat Perniagaan Selangor Sdn Bhd from Magnum for a total cash consideration of RM112.79 million; and
- (iii) Share sale agreement with Magnum for the acquisition of entire equity interest in Multi-Purpose Capital Holdings Berhad from Magnum for a total consideration of RM392.83 million to be satisfied by a combination of cash payment of RM37.54 million and the issuance of 355.29 million new ordinary shares of RM1.00 each of the Company in Magnum at the issue price of RM1.00 each.

**A12 Operating Lease Arrangements**

**i) The Group as lessee**

The future aggregate minimum lease payments payable under operating leases contracted for as at the end of the financial period but not recognised as liabilities are as follows:

|  | <b>As at<br/>30 June 2013<br/>RM'000</b> |
|--|--|
| Not later than 1 year                        | 3,245                                    |
| Later than 1 year and not later than 5 years | 2,550                                    |
| <b>Total future minimum lease payments</b>   | <b>5,795</b>                             |



**A12 Operating Lease Arrangements (cont'd)**

**ii) The Group as lessor**

The future aggregate minimum lease payments receivable under operating leases contracted for as at the end of the financial period but not recognised as receivables are as follows:

|   | <b>As at<br/>30 June 2013<br/>RM'000</b> |
|---|--|
| Not later than 1 year                         | 603                                      |
| Later than 1 year and not later than 5 years  | <u>707</u>                               |
| <b>Total future minimum lease receivables</b> | <b><u>1,310</u></b>                      |

**A13 Unusual Items Affecting Interim Financial Report**

There were no unusual items affecting the interim financial report of the Group for the current quarter and six months ended 30 June 2013, save as disclosed in A7 and A11.

**B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1 Review of performance of the Group**

2Q 2013 vs 2Q 2012 and 1H 2013 vs 1H 2012

The total revenue of the Group for the 2Q2013 and 1H2013 is RM80.05 million comprising mainly of the revenue generated from insurance division of RM70.37 million which is 87.90% of the total revenue. The Credit and Investments Divisions contributed the remaining 12.10%.

The Group recorded a profit before tax of RM19.67 million for the 2Q2013 and 1H2013. The general insurance division and the Credit and Investments Divisions registered a profit before tax of RM16.47 million and RM3.20 million respectively.

There are no comparative figures as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**B2 Comment on material change in profit before tax**

2Q 2013 vs 1Q 2013

There were no comments on the material change in profit before tax of the Group as the acquisition of the subsidiaries was completed on 29 March 2013.

**B2 Prospects**

As the global economic condition remains uncertain and challenging, the Malaysian economy is driven mainly by domestic demand and activities in both private and public sectors. Private consumption continued to be supported by the income growth and stable employment conditions.

With the listing and quotation of the Company's entire issued and paid-up share capital of RM715 million comprising 715 million ordinary shares of RM1.00 each on Main Market of Bursa Securities on 28 June 2013, the Company is able to access directly the equity capital market for financial flexibility to pursue growth opportunity. Going forward, the Group will focus on building the general insurance business and managing its investments in properties to enhance the value to the shareholders.

**Insurance**

The Insurance subsidiary aims to increase its market share with the expansion of agency base, recruitment of key marketing personnel with extensive network and to grow its retail business through various product schemes as well as making strategic market inroads in broking and retail markets to increase its market share. Going forward, it will continue to tie up with the local and foreign financial institutions to tap into their clients' insurance.

**Credit and Investments**

Currently, the credit business is restricted to a selected group that the Group is familiar with and where bank financing may not be obtainable in a timely manner.

The management will continue to explore opportunities to seek profitable joint ventures with reputable property developers or outright disposal to enhance the value of existing land bank.

**B3 Profit Forecast and Profit Guarantee**

There was no profit forecast or profit guarantee issued by the Company.

**B4 Income Tax Expense**

|                      | 3 months ended         |                        | 6 months ended         |                        |
|----------------------|------------------------|------------------------|------------------------|------------------------|
|                      | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 |
| Current income tax:  |                        |                        |                        |                        |
| Malaysian income tax | 5,510                  | N/A                    | 5,510                  | N/A                    |

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate of 25% due to certain expenses which were not deductible for tax purposes.

**B5 Profit before tax**

Included in the profit before tax are the following items:

|  | 3 months ended         |                        | 6 months ended         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 | 30 June 2013<br>RM'000 | 30 June 2012<br>RM'000 |
| Accretion of discounts less amortisation of premiums | 2                      | N/A                    | 2                      | N/A                    |
| Amortisation of intangible assets                    | 115                    | N/A                    | 115                    | N/A                    |
| Changes in fair value of investment securities       | (905)                  | N/A                    | (905)                  | N/A                    |
| Depreciation of property, plant and equipment        | 1,714                  | N/A                    | 1,714                  | N/A                    |
| Depreciation of investment properties                | 455                    | N/A                    | 455                    | N/A                    |
| Dividend income on quoted shares and unit trusts     | (1,321)                | N/A                    | (1,321)                | N/A                    |
| Gain on disposal of investment securities            | (1,618)                | N/A                    | (1,618)                | N/A                    |
| Increase in reserves for unexpired risks             | 6,103                  | N/A                    | 6,103                  | N/A                    |
| Interest expense                                     | 1,374                  | N/A                    | 1,374                  | N/A                    |
| Interest income                                      | (8,533)                | N/A                    | (8,533)                | N/A                    |
| Property, plant and equipment written off            | 7                      | N/A                    | 7                      | N/A                    |
| Share of results of associate                        | 21                     | N/A                    | 21                     | N/A                    |
| Write-back of provision for doubtful debts           | (597)                  | N/A                    | (597)                  | N/A                    |

**B6 Retained profits**

|  | As at<br>30 June 2013<br>RM'000 | As at<br>31 Dec 2012<br>RM'000 |
|--|---------------------------------|--------------------------------|
| Total retained profits                                 |                                 |                                |
| - realised   | 169,116                         | N/A                            |
| - unrealised   | 13,711                          | N/A                            |
| Less: Consolidation adjustments                        | (168,582)                       | N/A                            |
| Retained profits as per Statement of Changes in Equity | <u>14,245</u>                   | <u>N/A</u>                     |

**B7 Corporate Proposals**

There were no corporate proposals during the quarter under review.

N/A – Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**B8 Borrowings**

The Group's borrowings as at 30 June 2013 are as follows:

|                    | <b>As at</b><br><b>30 June 2013</b><br><b>RM'000</b> | <b>As at</b><br><b>31 Dec 2012</b><br><b>RM'000</b> |
|--------------------|--|---|
| <b>Current</b>     |  |   |
| Term loan          | 20,261   | N/A   |
| Revolving Credit   | 3,000  | N/A   |
|                    | <u>23,261</u>  | <u>N/A</u>  |
| <b>Non-Current</b> |  |   |
| Term loan          | 71,241   | N/A   |
| Revolving Credit   | 12,000   | N/A   |
|                    | <u>83,241</u>  | <u>N/A</u>  |
| <br>               |  |   |
| Total              | <u>106,502</u>                                       | <u>N/A</u>  |

All the borrowings are denominated in Ringgit Malaysia.

N/A – Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**B9 Material Litigation**

**i) Kuala Lumpur High Court Suit No. S1-22-946-2008**

On 6 October 2008, Leisure Dotcom Sdn Bhd ("Leisure Dotcom"), a subsidiary, commenced a legal proceeding at the High Court of Malaya ("High Court") at Kuala Lumpur against Globesource Sdn Bhd ("GBS") claiming for among others, specific performance for delivery of a piece of freehold land and 2 leases in Kuala Lumpur pursuant to a conditional sale and purchase agreement dated 21 June 2007 entered into between Leisure Dotcom and GBS. Pursuant to the agreement, GBS is to sell and Leisure Dotcom is to purchase the properties for a total consideration of RM72,162,000.00. Upon the execution of the agreement, Leisure Dotcom paid a deposit of RM7,216,000.00 representing 10.00% of the purchase price. Subsequent to that, Leisure Dotcom paid the balance purchase price but such sum was returned by GBS. The sale and purchase under the agreement dated 21 June 2007 was not completed.

Hence, Leisure Dotcom filed a claim against GBS. In turn, GBS had counterclaimed, among others, that the agreement had been validly terminated.

On 6 July 2012, Leisure Dotcom's claim was dismissed with costs and GBS's counterclaim was allowed with costs by the High Court. On 9 July 2012, Leisure Dotcom filed a notice of appeal and subsequently on 24 August 2012, a record of appeal at the Court of Appeal. On 19 September 2012, the High Court granted Leisure Dotcom an Erinford injunction against GBS and a stay of execution of the High Court decision pending the appeal. On 26 November 2012, Leisure Dotcom further filed a supplemental record of appeal at the Court of Appeal to include the grounds of judgment for the High Court case which was received on 8 November 2012. In light of the grounds of judgment of the High Court case, Leisure Dotcom had on 20 December 2012, further filed a second supplemental record of appeal to include an amended memorandum of appeal. Subsequently, Leisure Dotcom had on 22 February 2013 filed an application for leave to amend the memorandum of appeal, which was allowed by the Court of Appeal on 1 April 2013.

No date has been fixed for either case management or hearing for the Court of Appeal case. Leisure Dotcom believes, following consultation with its solicitors that Leisure Dotcom has a good prospect of succeeding in the appeal against the High Court's decision.

**B9 Material Litigation (cont'd)**

**ii) Kuala Lumpur High Court Suit No. S22-100-2010**

Mulpha Kluang Maritime Carriers Sdn. Bhd. ("Mulpha"), a subsidiary, had on 27 June 2013 filed a Notice of Appeal to the Court of Appeal in respect of the decision of the High Court on 6 June 2013 which dismissed Mulpha's claim with costs under a legal suit commenced against the personal representatives and executors of the estate of Liew Yee Tiam ("Madam Liew") who passed away on 30 October 2010 (after the High Court suit had commenced), namely Chai Hon Keong @ Chye How Keong and Chai Hon Min (as the First and Second Defendants), Thong Honn (Housing Development) Sdn Bhd ("Thong Honn") as the Third Defendant and Messrs. Chin & Co (" Messrs. Chin & Co") as the Fourth Defendant in its capacity as the conveyancing solicitors and stakeholders for Madam Liew and Thong Honn.

The High Court suit was filed on 8 February 2010 to claim for the overpayment of RM3,316,941.60 pursuant to two (2) conditional sale and purchase agreements ("SPAs"), both dated 12 October 2009, which were entered into between Mulpha with Madam Liew and Thong Honn respectively for the acquisition of two pieces of lands in Kuala Lumpur ("Lands") on discovery that the total area described in the SPAs and warranties therein were incorrect as part of each of the Lands had in fact been surrendered to the State Authority previously.

To date, the Court of Appeal has not fixed a hearing date for the appeal. The Company will make further announcement in respect of material development in the matter.

**B10 Dividends**

The Board of Directors does not recommend the payment of dividend for the quarter under review.

**B11 Basic Earnings Per Share**

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the period.

|   | <b>3 months ended</b> |                     | <b>6 months ended</b> |                     |
|---|-----------------------|---------------------|-----------------------|---------------------|
|   | <b>30 June 2013</b>   | <b>30 June 2012</b> | <b>30 June 2013</b>   | <b>30 June 2012</b> |
| Profit for the period (RM'000)            | <u>14,166</u>         | <u>N/A</u>          | <u>14,165</u>         | <u>N/A</u>          |
| Number of ordinary shares in issue ('000) | <u>715,000</u>        | <u>N/A</u>          | <u>715,000</u>        | <u>N/A</u>          |
| Basic Earnings Per Share (Sen)            | <u>2.0</u>            | <u>N/A</u>          | <u>2.0</u>            | <u>N/A</u>          |

N/A – Not Applicable

No comparative figures are available as the Group adopts the approach of not restating the financial information in the consolidated financial statements for the periods prior to the combination under common control.

**By Order Of The Board**  
**Ng Sook Yee**  
**COMPANY SECRETARY**  
**22 August 2013**