



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	87,086	N/A	245,889	N/A
Cost of sales	(56,665)	N/A	(164,675)	N/A
Gross profit	30,421	N/A	81,214	N/A
Other income	19,353	N/A	51,980	N/A
Administrative expenses	(14,804)	N/A	(36,942)	N/A
Other expenses	(13,374)	N/A	(34,911)	N/A
Operating profit	21,596	N/A	61,341	N/A
Finance costs	(1,175)	N/A	(3,835)	N/A
Share of results of an associate	108	N/A	101	N/A
Profit before tax	20,529	N/A	57,607	N/A
Income tax expense	(370)	N/A	(10,633)	N/A
Profit for the period/year	20,159	N/A	46,974	N/A
Profit attributable to:				
Owners of the Company	21,092	N/A	48,359	N/A
Non-controlling interests	(933)	N/A	(1,385)	N/A
	20,159	N/A	46,974	N/A
Earnings per share ("EPS") attributable to owners of the Company (sen):				
Basic EPS	2.9	N/A	6.8	N/A
Profit for the period/year	20,159	N/A	46,974	N/A
Other comprehensive income:				
Net fair value changes in available-for-sale ("AFS") financial assets	(5,499)	N/A	(10,067)	N/A
Total comprehensive income for the period/year	14,660	N/A	36,907	N/A
Total comprehensive income attributable to:				
Owners of the Company	15,593	N/A	38,292	N/A
Non-controlling interests	(933)	N/A	(1,385)	N/A
	14,660	N/A	36,907	N/A

Note :-

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 31 DECEMBER 2013**

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	87,361	N/A
Investment properties	744,051	N/A
Investment in an associate	550	N/A
Investment securities	362,464	N/A
Intangible assets	42,884	N/A
Deferred tax assets	1,991	N/A
	<u>1,239,301</u>	<u>N/A</u>
Current assets		
Inventories	199	N/A
Receivables	226,189	N/A
Reinsurance assets	411,528	N/A
Tax recoverable	6,369	N/A
Investment securities	103,315	N/A
Cash and bank balances	311,419	N/A
	<u>1,059,019</u>	<u>N/A</u>
Asset held for sale	30,195	-
	<u>30,195</u>	<u>-</u>
TOTAL ASSETS	<u>2,328,515</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	715,000	N/A
Share premium	296,091	N/A
Other reserves	47,909	N/A
Merger deficit	(28,464)	N/A
Retained profits	48,191	N/A
Shareholders' equity	<u>1,078,727</u>	<u>N/A</u>
Non-controlling interests	15,381	N/A
Total equity	<u>1,094,108</u>	<u>N/A</u>
Non-current liabilities		
Borrowings	63,721	N/A
Deferred tax liabilities	14,555	N/A
	<u>78,276</u>	<u>N/A</u>
Current liabilities		
Payables	286,665	N/A
Insurance contract liabilities	816,287	N/A
Borrowings	29,650	N/A
Tax payable	923	N/A
	<u>1,133,525</u>	<u>N/A</u>
Total liabilities	<u>1,211,801</u>	<u>N/A</u>
Liability directly associated with asset held for sale	22,606	-
	<u>22,606</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES	<u>2,328,515</u>	<u>N/A</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.51</u>	<u>N/A</u>

Note :-

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 YEAR ENDED 31 DECEMBER 2013

-----Attributable to owners of the Company-----
-----Non-distributable-----

	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2012 / 31 December 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 acquisition of subsidiaries	-	296,091	57,976	(28,464)	-	325,603	16,766	342,369
Total comprehensive income	-	-	(10,067)	-	48,359	38,292	(1,385)	36,907
At 31 December 2013	715,000	296,091	47,909	(28,464)	48,191	1,078,727	15,381	1,094,108

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 YEAR ENDED 31 DECEMBER 2013

	12 months ended	
	31.12.2013	31.12.2012
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	57,607	N/A
Adjustments for:		
Accretion of discounts less amortisation of premiums	5	N/A
Amortisation of intangible assets	386	N/A
Changes in fair value of financial assets at Fair Value Through Profit or Loss ("FVTPL")	(821)	N/A
Depreciation of property, plant and equipment	5,180	N/A
Depreciation of investment properties	1,339	N/A
Dividend income on quoted shares and unit trusts	(2,551)	N/A
Gain on disposal of investment securities	(5,649)	N/A
Impairment of property, plant and equipment	2,203	N/A
Increase in reserves for unexpired risks	22,794	N/A
Interest expense	3,835	N/A
Interest income	(22,126)	N/A
Impairment of financial assets	156	N/A
Property, plant and equipment written off	7	N/A
Share of results of an associate	(101)	N/A
Write-back of provision for doubtful debts	(3,156)	N/A
Operating cash flows before changes in working capital	59,108	N/A
Changes in working capital:		
Inventories	27	N/A
Receivables	(29,378)	N/A
Payables	16,397	N/A
Cash generated from operations	46,154	N/A
Income tax paid	(19,433)	N/A
Net cash generated from operating activities	26,721	N/A
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- investment securities	78,058	N/A
Purchase of :		
- property, plant and equipment	(2,666)	N/A
- investment properties	(10)	N/A
- investment securities	(168,419)	N/A
- intangible assets	(621)	N/A
Net dividend received from :		
- quoted shares and unit trusts	2,172	N/A
Interest paid	(3,077)	N/A
Interest received	14,143	N/A
Net cash used in investing activities	(80,420)	N/A
FINANCING ACTIVITIES		
Net repayment of borrowings	(17,714)	N/A
Net movement in cash deposit with licensed bank	(287)	N/A
Net cash used in financing activities	(18,001)	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(71,700)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	382,832	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	311,132	N/A
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	311,419	N/A
Cash deposit with licensed bank with maturity period of more than 3 months	(287)	N/A
	311,132	N/A

Note :-

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 accordance 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”).

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.

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:-

		Effective for periods beginning on or after
MFRS 3	Business Combinations	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (revised)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (revised)	1 January 2013
MFRS 128	Investment in Associates and Joint Ventures (revised)	1 January 2013
Amendments to MFRS 1	First-time adoption of MFRS	1 January 2013
Amendments to MFRS 7	Financial Instruments: Disclosures	
	– Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11	Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation	1 January 2013
Amendments to MFRS 134	Interim Financial Reporting	1 January 2013
	Annual Improvements to IC Interpretations and MFRSs 2009-2011 Cycle	

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

A2 Significant Accounting Policies (cont'd)

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

(a) Adoption of Standards, Amendments and IC Interpretations (cont'd)

(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 losses or gains on AFS financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

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

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 beginning on or after
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
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	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		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Segmental Revenue				
Insurance	76,101	N/A	215,690	N/A
Credit	283	N/A	1,137	N/A
Investments	10,702	N/A	29,062	N/A
Total	87,086	N/A	245,889	N/A
Segmental Results				
Insurance	14,824	N/A	44,696	N/A
Credit	3,615	N/A	6,580	N/A
Investments	2,090	N/A	6,331	N/A
	20,529	N/A	57,607	N/A
Income tax expense	(370)	N/A	(10,633)	N/A
Profit for the period/year	20,159	N/A	46,974	N/A

Note :-

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.

	Assets	Liabilities
	RM'000	RM'000
Insurance	1,267,719	967,545
Credit	175,676	2,307
Investments	854,925	241,949
	2,298,320	1,211,801
Asset/Liability held for sale	30,195	22,606
Total	2,328,515	1,234,407

A5 Accounting Estimates

There were no changes in estimates that have had any material effect on the quarter and year ended 31 December 2013.

A6 Dividends Paid

No dividend was paid during the quarter under review.

A7 Debt and Equity Securities

The Company had 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 debt securities during the quarter and year ended 31 December 2013.

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 instruments carried at fair value in the Statement of Financial Position:-

31 December 2013		Level 1	Level 2	Not at fair value	Total
Non-current	Financial assets at AFS	356,672	4,791	1,001	362,464
Current	Financial assets at FVTPL	103,315	-	-	103,315
Total		459,986	4,791	1,001	465,778
31 December 2012		N/A	N/A	N/A	N/A

Note :-

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 Related Party Disclosure

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Associate				
Premium ceded to reinsurers	-	N/A	(2)	N/A
Fees and commission income	-	N/A	1	N/A
Claims ceded to reinsurers	-	N/A	(218)	N/A
Affiliated companies				
Gross insurance premium receivables	1,695	N/A	2,455	N/A
Insurance commission payable	(359)	N/A	(480)	N/A
Claim paid	(127)	N/A	(551)	N/A
Professional fees paid	(144)	N/A	(197)	N/A
Office rental income	83	N/A	167	N/A
Office rental paid	-	N/A	(6)	N/A
IT management fees payable	(22)	N/A	(254)	N/A

The above transactions are entered into the normal course of business based on negotiated and mutually agreed terms.

Affiliated companies during the financial year refer to the following:

- Ganda Pesona Sdn Bhd, incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- MWE Properties Sdn Bhd, incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.

A9 Related Party Disclosure (cont'd)

- Metra Management Sdn Bhd, incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Magnum Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Ace Management Sdn Bhd incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.

Note :-

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.

A10 Contingent Liabilities

As at 25 February 2014, 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.

A11 Events After The Reporting Period

- (i) On 22 January 2014, the Company announced that Bank Negara Malaysia (“BNM”) had no objection in principle for the Company to commence preliminary negotiations with an interested party in relation to the strategic alliance with Multi-Purpose Insurans Bhd (“MPIB”), a wholly owned subsidiary of the Company, which may result in the disposal of a minority interest in MPIB.
- (ii) On 20 February 2014, the Company announced that Multi-Purpose Shipping Corporation Berhad (“MPSC”), a wholly owned subsidiary of the Company had entered into a Deed of Novation Cum Assignment with Twin Universal Sdn Bhd (“the Original Purchaser”) and Pr1ma Corporation Malaysia (“New Purchaser”), a statutory body enacted pursuant to Perumahan Rakyat 1 Malaysia Act, 2012, whereby the Original Purchaser has assigned and novated to New Purchaser all the Original Purchaser’s rights, benefits, interests, liabilities and obligations under Sale and Purchase Agreement (“SPA”) dated 21 August 2013 entered into between the Company and the Original Purchaser, save for the rights, benefits, interests, liabilities and obligations under the Power of Attorney.

MPSC has granted an extension of the completion date of the SPA for a period of 6 months from 21 February 2014 to 20 August 2014 to the New Purchaser.

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

A12 Capital Commitments

	As at
	31.12.2013
	RM'000
Approved and contacted for :-	
Property, plant and equipment	1,052
Computer software and hardware	1,275
Investment properties	6,162
Total	8,489

A13 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter and year ended 31 December 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 per share;
- (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 per share.

A14 Asset held for sale/Liability directly associated with asset held for sale

On 21 August 2013, Multi-Purpose Shipping Corporation Berhad, a subsidiary of the Company, 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 9.04 million square feet for a total cash consideration of RM226.06 million.

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

Update on above are disclosed in Note A11.

A15 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 year but not recognised as liabilities are as follows:

	As at 31.12.2013 RM'000
Not later than 1 year	2,251
Later than 1 year and not later than 5 years	1,449
Total future minimum lease payments	3,700

A15 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 year but not recognised as receivables are as follows:

	As at 31.12.2013 RM'000
Not later than 1 year	576
Later than 1 year and not later than 5 years	<u>444</u>
Total future minimum lease receivables	<u>1,020</u>

A16 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting the interim financial report of the Group during the quarter and year ended 31 December 2013, save as disclosed in Note A7, A13 and A14.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

4Q 2013 vs 4Q 2012

The Group reported a total revenue of RM87.09 million for 4Q 2013. The Insurance Division generated a revenue of RM76.10 million which made up 87.38% of the total revenue. Credit and Investments Divisions contributed RM10.99 million or 12.62% of the total revenue.

The Group achieved a profit before tax of RM20.53 million for 4Q 2013 which is mainly contributed by Insurance Division with a pre-tax profit of RM14.82 million whilst Credit and Investments Divisions reported a profit before tax of RM5.71 million.

FY 2013 vs FY 2012

Total revenue of the Group for FY 2013 is RM245.89 million which is mainly derived from the revenue generated by Insurance Division of RM215.69 million or 87.72% of the total revenue. The Credit and Investments Divisions contributed the remaining 12.28% of the total revenue.

In the FY 2013, the Group reported profit before tax of RM57.61 million. The Insurance Division and the Credit and Investments Divisions recorded a profit before tax of RM44.70 million and RM12.91 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

4Q 2013 vs 3Q 2013

The Group achieved a profit before tax of RM20.53 million in 4Q 2013 which is 17.99% higher than the pre-tax profit of RM17.40 million recorded in 3Q 2013. The increase is mainly due to higher underwriting profit and investment income from Insurance Division. The favourable fair value adjustment of investment securities in the Credit Division has contributed to better results.

B3 Prospects

The Malaysian economy is expected to be stable with the growth of the Gross Domestic Product forecasted at 5%-5.5%. The Malaysian economy is dependent on the resilient domestic demand and supported by the improving global conditions.

Insurance

The Insurance Division is in the midst of negotiation with an interested party to form a strategic alliance. The Division aims to expand its market share through organic growth from business channels and new growth from recruitment of key marketing personnel and new agents, development of new schemes and enhancement of existing products through new distribution channels.

Credit and Investments

The Credit business is limited to a selected clientele that the Group is familiar with and where bank borrowings may not be obtainable in a timely manner.

The Investments Division will continue to explore opportunities to seek profitable joint ventures with reputable property developers or outright disposal to enhance the shareholders' value.

B4 Profit Forecast and Profit Guarantee

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

B5 Income Tax Expense

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current provision	21	N/A	10,370	N/A
- Over provision of tax in prior years	-	N/A	(86)	N/A
	<u>21</u>	<u>N/A</u>	<u>10,284</u>	<u>N/A</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	419	N/A	419	N/A
- Over provision of tax in prior years	(70)	N/A	(70)	N/A
	<u>349</u>	<u>N/A</u>	<u>349</u>	<u>N/A</u>
Total income tax expense	<u>370</u>	<u>N/A</u>	<u>10,633</u>	<u>N/A</u>

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate of 25% due mainly to certain expenses which were allowable for tax purposes.

B6 Profit before tax

Included in the profit before tax are the following items:

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Accretion of discounts less amortisation of premiums	1	N/A	5	N/A
Amortisation of intangible assets	140	N/A	386	N/A
Changes in fair value of investment securities	(1,236)	N/A	(821)	N/A
Depreciation of property, plant and equipment	1,679	N/A	5,180	N/A
Depreciation of investment properties	445	N/A	1,339	N/A
Dividend income on quoted shares and unit trusts	(618)	N/A	(2,551)	N/A
Gain on disposal of investment securities	(2,709)	N/A	(5,649)	N/A
Impairment of property, plant and equipment	2,203	N/A	2,203	N/A
Increase in reserves for unexpired risks	10,496	N/A	22,794	N/A
Interest expense	1,175	N/A	3,835	N/A
Interest income	(6,929)	N/A	(22,126)	N/A
Impairment of financial assets	156	N/A	156	N/A
Property, plant and equipment written off	-	N/A	7	N/A
Share of results of an associate	(108)	N/A	(101)	N/A
Write-back of provision for doubtful debts	(2,684)	N/A	(3,156)	N/A

B7 Retained profits

	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
Total retained profits		
- realised	225,716	N/A
- unrealised	(11,743)	N/A
Total share of retained profits from an associate		
- realised	450	N/A
Less: Consolidation adjustments	(166,232)	N/A
Retained profits as per Statement of Changes in Equity	<u>48,191</u>	<u>N/A</u>

Note :-

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 Corporate Proposals

Non-Compliance (Property)

Pursuant to the listing of the Company, the Group has undertaken to rectify the following non-compliances by 31 December 2014 (extended from 31 December 2013). As at current date, the non-compliances are as follows:

- I) The condition imposed on the land title

Syarikat Perniagaan Selangor Sdn Bhd ("SPSSB") is the registered proprietor of a land held under PM 345, Lot 13501, Mukim Hulu Kelang, District of Gombak, State of Selangor Darul Ehsan. This land can only be used for guards' and keepers' quarters. However, a Tenaga Nasional Berhad ("TNB") sub-station and network pumping station has been erected on the said land. SPSSB is currently liaising with TNB to register a lease in favour of TNB over that portion of land on which the TNB sub-station is situated; and

- II) The undetermined status of the certificate of fitness for occupation

In respect of the following lands, the Group has yet to determine the status of the certificate of fitness for occupation to the buildings erected thereon, all of which are currently tenanted. The Group is exploring options available to resolve this non-compliance.

- i) GRN 28274, Lot 643 and GRN 9036, Lot 1199, Seksyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, properties registered under Mulpha Kluang Maritime Carriers Sdn Bhd;
- ii) GRN 28267, Lot 634, Seksyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, property registered under Caribbean Gateway Sdn Bhd; and
- iii) GRN 28273, Lot 642, Seksyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, property registered under Queensway Nominees (Tempatan) Sdn Bhd.

There were no corporate proposals announced but not completed as at the reporting date.

B9 Borrowings

The Group's borrowings as at 31 December 2013 are as follows:

	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
Non-Current		
Term loan	57,721	N/A
Revolving Credit	6,000	N/A
	<u>63,721</u>	<u>N/A</u>
Current		
Term loan	26,650	N/A
Revolving Credit	3,000	N/A
	<u>29,650</u>	<u>N/A</u>
Total	<u>93,371</u>	<u>N/A</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

Note :-

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.

B10 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.

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 and subsequently on 21 August 2013, a Record of Appeal at 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.

B10 Material Litigation (cont'd)

iii) Shah Alam High Court Civil Suit No. 22NCVC-682-11/2013

On 18.11.2013, Mulpha (as defined in (ii) above) commenced a legal proceedings at the Shah Alam High Court ("Court") against the partners of Messrs. Mah-Kamariyah & Philip Koh ("MKPK") claiming for special damages of RM3,316,941.60 and other damages to be assessed by the court being the losses suffered by Mulpha.

Mulpha claims against MKPK is in their capacity as the conveyancing solicitors for Mulpha in which event MKPK had failed to exercise professional skill, care and diligence in advising Mulpha and handling the SPAs (as defined in (ii) above) on which after the conclusion of the said sale and purchase transactions, Mulpha discovered that the total area described in the SPAs therein were incorrect as part of each of the Lands (as defined in (ii) above) had in fact been surrendered to the State Authority in year 1988 and MKPK had failed, neglected and/or omitted to notify and/or advise Mulpha of the same.

The Court had fixed the matter for Full Trial on 13th & 14th August 2014 and further Case Management on 19th March 2014 for the parties to comply with the court's directions.

B11 Dividends

The Board of Directors recommends a final dividend of 5 sen single-tier dividend per share for the financial year ended 31 December 2013. The proposed dividend is subject to BNM's approval and shareholders' approval at the Annual General Meeting. Upon BNM's approval, the entitlement and payment dates shall be announced in due course.

B12 Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the number of ordinary shares in issue during the current quarter and year ended 31 December 2013.

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to owners of the Company (RM'000)	<u>21,092</u>	<u>N/A</u>	<u>48,359</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>2.9</u>	<u>N/A</u>	<u>6.8</u>	<u>N/A</u>

Note :-

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
25 February 2014**