



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Revenue	86,758	-
Cost of sales	(62,058)	-
Gross profit	<u>24,700</u>	-
Other income	14,328	-
Administrative expenses	(11,409)	-
Other expenses	(14,468)	(1)
Operating profit/(loss)	<u>13,151</u>	(1)
Finance costs	(1,107)	-
Share of results of an associate	(5)	-
Profit/(Loss) before tax	<u>12,039</u>	(1)
Income tax expense	(3,676)	-
Profit/(Loss) for the period	<u>8,363</u>	(1)
Profit/(Loss) attributable to:		
Owners of the Company	8,553	(1)
Non-controlling interests	(190)	-
	<u>8,363</u>	(1)
Earnings per share ("EPS") attributable to Owners of the Company (sen):		
Basic EPS	1.20	-
Profit/(Loss) for the period	8,363	(1)
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Fair value reserve		
Net loss arising during the period	(2,383)	-
Net realised gains transferred to profit or loss	18	-
	<u>(2,365)</u>	-
Tax effects	(238)	-
	<u>(2,603)</u>	-
Total comprehensive income for the period	<u>5,760</u>	(1)
Total comprehensive income attributable to:		
Owners of the Company	5,950	(1)
Non-controlling interests	(190)	-
	<u>5,760</u>	(1)

These unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014**

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	85,958	87,324
Investment properties	743,608	744,051
Investment in an associate	545	550
Investment securities	360,333	362,205
Intangible assets	42,838	42,884
Deferred tax assets	11,598	11,598
	1,244,880	1,248,612
Current assets		
Inventories	213	199
Receivables	226,631	228,356
Reinsurance assets	455,359	411,528
Tax recoverable	9,340	6,156
Investment securities	114,935	103,315
Cash and bank balances	341,457	311,422
	1,147,935	1,060,976
Asset held for sale	30,195	30,195
	2,423,010	2,339,783
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	715,000	715,000
Share premium	296,091	296,091
Other reserves	45,234	47,837
Merger deficit	(28,464)	(28,464)
Retained profits	56,634	48,081
	1,084,495	1,078,545
Shareholders' equity	1,084,495	1,078,545
Non-controlling interests	15,199	15,389
	1,099,694	1,093,934
Non-current liabilities		
Borrowings	55,462	63,721
Deferred tax liabilities	24,317	24,079
	79,779	87,800
Current liabilities		
Payables	283,308	288,714
Insurance contract liabilities	881,308	816,204
Borrowings	32,844	29,650
Tax payable	866	875
	1,198,326	1,135,443
Liability directly associated with asset held for sale	45,211	22,606
	1,323,316	1,245,849
	1,323,316	1,245,849
Total Liabilities	1,323,316	1,245,849
	2,423,010	2,339,783
Total Equity and Liabilities	2,423,010	2,339,783
Net assets per share attributable to Owners of the Company (RM)	1.52	1.51

These unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014

I-----Attributable to Owners of the Company-----I

	I-----Non-distributable-----I				Distributable		Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2013	#	-	-	-	(168)	(168)	-	(168)
Issuance of ordinary shares in connection with the merger and acquisition of subsidiaries	715,000	296,091	58,042	(28,464)	-	1,040,669	16,766	1,057,435
Total comprehensive income for the period	-	-	-	-	(1)	(1)	-	(1)
At 31 March 2013	715,000	296,091	58,042	(28,464)	(169)	1,040,500	16,766	1,057,266
At 1 January 2014	715,000	296,091	47,837	(28,464)	48,081	1,078,545	15,389	1,093,934
Other comprehensive income for the period	-	-	(2,603)	-	-	(2,603)	-	(2,603)
Profit for the period	-	-	-	-	8,553	8,553	(190)	8,363
Total comprehensive income for the period	-	-	(2,603)	-	8,553	5,950	(190)	5,760
At 31 March 2014	715,000	296,091	45,234	(28,464)	56,634	1,084,495	15,199	1,099,694

- represents RM2.00

These unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2014**

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax	12,039	(1)
Adjustments for:		
Allowance for impairment of receivables	1,087	-
Amortisation of intangible assets	144	-
Amortisation of premiums	2	-
Bad debts written off	29	-
Depreciation of property, plant and equipment	1,468	-
Depreciation of investment properties	443	-
Dividend income on quoted shares and unit trusts	(479)	-
Gain arising from fair value change in financial assets at fair value through profit and loss ("FVTPL")	(1,136)	-
Interest expense	1,107	-
Interest income	(9,313)	-
Realised loss on available-for-sale financial assets ("AFS")	256	-
Share of results of an associate	5	-
Operating cash flows before changes in working capital	5,652	(1)
Changes in working capital:		
Inventories	(14)	-
Receivables	627	-
Reinsurance assets	65,104	-
Insurance contract liabilities	(43,831)	-
Payables	17,199	190,368
Cash generated from operations	44,737	190,367
Income tax paid	(6,869)	-
Net cash generated from operating activities	37,868	190,367
INVESTING ACTIVITIES		
Proceeds from disposal of investment securities	16,481	-
Redemption of fixed income securities	10,000	-
Purchase of :		
- property, plant and equipment	(102)	-
- investment securities	(37,716)	-
- intangible assets	(98)	-
Dividend received from quoted shares and unit trusts	479	-
Interest received	9,295	-
Interest paid	(1,107)	-
Cash and cash equivalents of the subsidiaries acquired	-	192,465
Net cash (used in)/generated from investing activities	(2,768)	192,465
FINANCING ACTIVITIES		
Net repayment of borrowings	(5,065)	-
Net movement in cash deposit with licensed bank	-	(287)
Net cash used in financing activities	(5,065)	(287)
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,035	382,545
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	311,135	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	341,170	382,545
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	341,457	382,832
Cash deposit with licensed bank with maturity period of more than 3 months	(287)	(287)
	341,170	382,545

These unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**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”).

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2 Significant Accounting Policies

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

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

Adoption of MFRSs and Amendments to 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 Interest in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127 Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132 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

The adoption of the above standards and interpretations did not have any effect on the financial performance of position of the Group.

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
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014
MFRS 9 Financial Instruments (IFRS issued by IASB in November 2009 and October 2010)	To be announced
MFRS 9 Financial Instruments: Mandatory Effective date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application other than for MFRS 9 Financial Instruments. The Group will assess the financial impact of the MFRS 9 when the standard is issued.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was unqualified.

A4 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.

A5 Segmental Information

	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Segmental Revenue		
Insurance	77,406	-
Credit	306	-
Investments	9,046	-
Total	86,758	-
Segmental Results		
Insurance	9,126	-
Credit	1,707	-
Investments	1,206	(1)
	12,039	(1)
Income tax expense	(3,676)	-
Profit/(Loss) for the period	8,363	(1)

Assets and Liabilities as at 31 March 2014

	Assets	Liabilities
	RM'000	RM'000
Insurance	1,338,580	1,033,010
Credit	175,813	635
Investments	878,422	244,460
	2,392,815	1,278,105
Asset/Liability directly associated with held for sale	30,195	45,211
Total	2,423,010	1,323,316

A6 Accounting Estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2014.

A7 Dividends Paid

No dividend was paid during the quarter under review.

A8 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the quarter ended 31 March 2014.

A9 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.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the reporting date, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:-

		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2014					
Non-current	AFS financial assets	128,623	230,709	1,001	360,333
Current	Financial assets at FVTPL	114,935	-	-	114,935
		243,558	230,709	1,001	475,268
31 December 2013					
Non-current	AFS financial assets	113,495	247,709	1,001	362,205
Current	Financial assets at FVTPL	103,315	-	-	103,315
		216,810	247,709	1,001	465,520

A10 Related Party Disclosures

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Affiliated companies		
Gross insurance premium receivables	618	-
Insurance commission payable	(88)	-
Claim paid	(63)	-
Professional fees paid	(162)	-
Information technology management fees payable	(18)	-

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

Affiliated companies during the financial period 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.
- 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.

A11 Contingent Liabilities

As at 21 May 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.

A12 Asset held for sale/Liability directly associated with asset held for sale

Disposal of investment properties in Multi-Purpose Shipping Corporation Berhad ("MPSC")

On 21 August 2013, MPSC, a subsidiary of the Company, had entered into a sale and purchase agreement ("SPA") with Twin Universal Sdn Bhd ("the Original Purchaser") 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.

On 20 February 2014, MPSC had entered into a Deed of Novation Cum Assignment with 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 the SPA, 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.

A13 Events After The Reporting Period

(i) Disposal of investment properties in MPSC

On 9 April 2014, the Company announced the completion of the SPA as disclosed in Note A12 upon receipt of the balance sale consideration from the New Purchaser.

(ii) Preliminary negotiations with an interested party in relation to the strategic alliance with Multi-Purpose Insurans Bhd ("MPIB")

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 MPIB, which may result in the disposal of a minority interest in MPIB.

On 15 May 2014, the Company announced that BNM has no objection in principle for the Company to commence negotiations to grant the said interested party a call option to acquire additional equity interest in MPIB ("Call Option"), which after taking into consideration of the Potential Disposal and in the event that the interested party exercises the Call Option, may result in a possible disposal of a majority equity interest in MPIB.

Further details on the above have been announced on Bursa Securities on the relevant dates.

A14 Capital Commitments

	As at 31.03.2014 RM'000
Approved and contracted for :-	
Property, plant and equipment	342
Computer software and hardware	1,400
Investment properties	4,009
	<u>5,751</u>

A15 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 March 2014.

A16 Operating Lease Arrangements

(i) The Group as lessee

The future aggregate minimum lease payments payable under operating leases contracted for the quarter ended 31 March 2014 but not recognised as liabilities are as follows:

	As at 31.03.2014 RM'000
Not later than 1 year	1,851
Later than 1 year and not later than 5 years	<u>926</u>
Total future minimum lease payments	<u>2,777</u>

(ii) The Group as lessor

The future aggregate minimum lease payments receivable under operating leases contracted for the quarter ended 31 March 2014 but not recognised as receivables are as follows:

	As at 31.03.2014 RM'000
Not later than 1 year	433
Later than 1 year and not later than 5 years	<u>356</u>
Total future minimum lease receivables	<u>789</u>

A17 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting the interim financial report of the Group during the quarter ended 31 March 2014.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

1Q 2014 vs 1Q 2013

In 1Q 2014, the Group achieved total revenue of RM86.76 million. The Insurance Division generated revenue of RM77.41 million which is 89.22% of the total revenue whilst the Credit and Investments Divisions contributed the balance of RM9.35 million or 10.78% of the total revenue.

The Group reported a profit before tax of RM12.04 million for 1Q 2014. The Insurance and Credit and Investments Divisions contributed RM9.13 million and RM2.91 million respectively to the profit before tax.

B2 Comment on material change in profit before tax

1Q 2014 vs 4Q 2013

The profit before tax of the Group at RM12.04 million registered in the current quarter is 41.35% lower than the pre-tax profit of RM20.53 million recorded in the 4Q 2013. This is mainly due to the favorable fair value adjustment of investment securities in the Credit Division in the immediate preceding quarter and the insurance Division recorded lower investment income and a drop in the underwriting profit due to the higher net claims incurred in the current quarter.

B3 Prospects

The Malaysian economy is expected to be stable as it is supported mainly by sustained domestic demand, expansion in private investment and improvement in export with the recovery in the advanced and regional economies. Domestic demand is expected remain the key driver of the overall growth.

Insurance

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

Credit and Investments

The Credit Division is mainly confined to selected clientele.

The Investment Division will continue to explore profitable joint ventures ("JV") with reputable partners or outright disposal to unlock the value of the land bank with minimum risk exposure and capital expenditure requirements. The selection of JV partners will be based on the expertise, strong track record, brand image and strength of the JV partners.

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	
	31.03.2014	31.03.2013
	RM'000	RM'000
Income tax		
- Current provision	<u>(3,676)</u>	<u>-</u>

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

B6 Profit before tax

Included in the profit before tax are the following items:

	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Allowance for impairment of receivables	1,087	-
Amortisation of intangible assets	144	-
Amortisation of premiums	2	-
Bad debts written off	29	-
Depreciation of property, plant and equipment	1,468	-
Depreciation of investment properties	443	-
Dividend income on quoted shares and unit trusts	(479)	-
Fund management charges	135	-
Gain arising from fair value change in financial assets at FVTPL	(1,136)	-
Interest expense	1,107	-
Interest income	(9,313)	-
Realised gain on AFS financial assets	256	-
Rent of land and buildings	936	-
Share of results of an associate	5	-
	<u>5</u>	<u>-</u>

B7 Retained profits

	As at	As at
	31.03.2014	31.12.2013
	RM'000	RM'000
Total retained profits		
- realised	234,828	226,159
- unrealised	(12,719)	(12,481)
Total share of retained profits from an associate		
- realised	445	450
Less: Consolidation adjustments	(165,920)	(166,047)
Retained profits as per Statement of Changes in Equity	<u>56,634</u>	<u>48,081</u>

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 all the old buildings erected thereon. 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;

B8 Corporate Proposals (cont'd)

- 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 March 2014 are as follows:

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Non-Current		
Term loan	49,462	57,721
Revolving Credit	6,000	6,000
	<u>55,462</u>	<u>63,721</u>
Current		
Term loan	29,844	26,650
Revolving Credit	3,000	3,000
	<u>32,844</u>	<u>29,650</u>
Total	<u>88,306</u>	<u>93,371</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

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. ("GSB") claiming for among others, specific performance for delivery of a piece of freehold land and 2 leases ("the properties") in Kuala Lumpur pursuant to a conditional sale and purchase agreement dated 21 June 2007 entered into between Leisure Dotcom and GSB. Pursuant to the agreement, GSB is to sell and Leisure Dotcom is to purchase the properties for a total consideration of RM72,162,000. Upon the execution of the agreement, Leisure Dotcom paid a deposit of RM7,216,000 representing 10.00% of the purchase price. Subsequent to that, Leisure Dotcom paid the balance purchase price but such sum was returned by GSB. As the result, the sale and purchase under the agreement dated 21 June 2007 was not completed.

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

On 6 July 2012, Leisure Dotcom's claim was dismissed with costs and GSB'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 GSB 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.

The hearing of the Court of Appeal case has been fixed on 25 June 2014.

B10 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 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 RM3,316,942 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.

The hearing of the Court of Appeal case has been fixed on 11 August 2014.

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

On 18 November 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 RM3,316,942 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 whereby MKPK had failed to exercise professional skill, care and diligence in advising Mulpha and in handling the SPAs (as defined in (ii) above). Subsequent to the conclusion of the said SPAs, Mulpha had 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 23 and 24 September 2014.

iv) Johor Bahru High Court Suit No. 21NCvC-20-05/2014

Kelana Megah Development Sdn Bhd ("KMD"), a wholly-owned subsidiary, had on 9 May 2014 filed a civil suit at the High Court of Malaya in Johor Bahru ("High Court") against the Government of the State of Johor and Petroliam Nasional Berhad ("Petronas") (collectively referred to as the "Defendants") in connection with the compulsory land acquisition of 7 plots of land owned by KMD in relation to the RAPID Project in Johor.

This civil suit is filed against the Defendants following breaches of the Federal Constitution, the Land Acquisition Act 1960 and the National Land Code 1965.

KMD's claim which is set out and particularized in the Statement of Claim dated 9 May 2014 seeks "**inter alia**" the return of the 7 plots of land illegally acquired and damages arising therefrom.

The civil suit will not have any operational impact on the Company and the Group. There are no losses that could arise from these proceedings except for an order for payment of costs if KMD is unsuccessful in this action or if the Defendants include a counterclaim which is allowed by the High Court.

KMD had served the sealed Writ of Summons and Statement of Claim to the Defendants. The High Court has fixed 12 June 2014 for Case Management of this matter.

B11 Dividend

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

B12 Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit/(loss) for the period attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the quarter.

	3 months ended	
	31.03.2014	31.03.2013
Profit/(Loss) attributable to Owners of the Company (RM'000)	<u>8,553</u>	<u>(1)</u>
Weighted average number of ordinary shares in issue ('000)	<u>715,000</u>	<u>23,833</u>
Basic Earnings Per Share (Sen)	<u>1.20</u>	<u>-</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
21 May 2014