



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	100,830	87,170	370,216	245,973
Cost of sales	<u>(61,946)</u>	<u>(56,582)</u>	<u>(243,226)</u>	<u>(164,592)</u>
Gross profit	38,884	30,588	126,990	81,381
Other income	32,316	18,175	286,890	50,802
Administrative expenses	(19,521)	(14,498)	(55,546)	(36,636)
Other expenses	<u>(12,052)</u>	<u>(12,686)</u>	<u>(75,289)</u>	<u>(34,223)</u>
Operating profit	39,627	21,579	283,045	61,324
Finance costs	(935)	(1,175)	(4,137)	(3,835)
Share of results of an associate	44	108	(11)	101
Profit before tax	38,736	20,512	278,897	57,590
Income tax expense	<u>(12,796)</u>	<u>(454)</u>	<u>(29,205)</u>	<u>(10,718)</u>
Profit for the period/year	<u>25,940</u>	<u>20,058</u>	<u>249,692</u>	<u>46,872</u>
Profit attributable to:				
Owners of the Company	26,147	20,983	251,353	48,249
Non-controlling interests	<u>(207)</u>	<u>(925)</u>	<u>(1,661)</u>	<u>(1,377)</u>
	<u>25,940</u>	<u>20,058</u>	<u>249,692</u>	<u>46,872</u>
Earnings per share attributable to				
Owners of the Company (sen per share):	<u>3.66</u>	<u>3.87</u>	<u>35.15</u>	<u>8.89</u>
Profit for the period/year	25,940	20,058	249,692	46,872
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Fair value reserves				
Net loss arising during the period/year	(8,286)	(3,555)	(2,321)	(4,349)
Net realised gain transferred to profit or loss	<u>(2,698)</u>	<u>(3,230)</u>	<u>(7,033)</u>	<u>(6,170)</u>
	(10,984)	(6,785)	(9,354)	(10,519)
Tax effects	<u>2,895</u>	<u>1,148</u>	<u>2,589</u>	<u>314</u>
Total other comprehensive income, net of income tax	<u>(8,089)</u>	<u>(5,637)</u>	<u>(6,765)</u>	<u>(10,205)</u>
Total comprehensive income for the period/year	<u>17,851</u>	<u>14,421</u>	<u>242,927</u>	<u>36,667</u>
Total comprehensive income attributable to:				
Owners of the Company	18,058	15,346	244,588	38,044
Non-controlling interests	<u>(207)</u>	<u>(925)</u>	<u>(1,661)</u>	<u>(1,377)</u>
	<u>17,851</u>	<u>14,421</u>	<u>242,927</u>	<u>36,667</u>

The above condensed consolidated statements 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.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	84,266	87,324
Investment properties	748,661	744,051
Investment in an associate	539	550
Investment securities	327,657	362,205
Intangible assets	43,161	42,884
Deferred tax assets	8,872	11,598
	1,213,156	1,248,612
Current assets		
Inventories	231	199
Receivables	342,873	228,356
Reinsurance assets	447,028	411,528
Tax recoverable	6,564	6,156
Investment securities	113,900	103,315
Cash and bank balances	481,713	311,422
	1,392,309	1,060,976
Asset held for sale	-	30,195
	2,605,465	2,339,783
Total Assets		
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	715,000	715,000
Share premium	296,091	296,091
Other reserves	41,072	47,837
Merger deficit	(28,464)	(28,464)
Retained profits	299,434	48,081
	1,323,133	1,078,545
Non-controlling interests	13,726	15,389
	1,336,859	1,093,934
Total Equity		
Non-current liabilities		
Borrowings	26,848	63,721
Deferred tax liabilities	20,598	24,079
	47,446	87,800
Current liabilities		
Payables	278,885	288,714
Insurance contract liabilities	900,815	816,204
Borrowings	36,595	29,650
Tax payable	4,865	875
	1,221,160	1,135,443
Liability directly associated with asset held for sale	-	22,606
	1,268,606	1,245,849
Total Liabilities		
Total Equity and Liabilities		
	2,605,465	2,339,783
Net assets per share attributable to Owners of the Company (RM)		
	1.85	1.51

The above condensed consolidated statements 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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

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

I-----Non-distributable-----I 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 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
Profit for the year	-	-	-	-	48,249	48,249	(1,377)	46,872
Other comprehensive income for the year net of income tax	-	-	(10,205)	-	-	(10,205)	-	(10,205)
Total comprehensive income for the year	-	-	(10,205)	-	48,249	38,044	(1,377)	36,667
At 31 December 2013	715,000	296,091	47,837	(28,464)	48,081	1,078,545	15,389	1,093,934
At 1 January 2014	715,000	296,091	47,837	(28,464)	48,081	1,078,545	15,389	1,093,934
Profit for the year	-	-	-	-	251,353	251,353	(1,661)	249,692
Other comprehensive income for the year net of income tax	-	-	(6,765)	-	-	(6,765)	-	(6,765)
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	(2)	(2)
Total comprehensive income for the year	-	-	(6,765)	-	251,353	244,588	(1,663)	242,925
At 31 December 2014	715,000	296,091	41,072	(28,464)	299,434	1,323,133	13,726	1,336,859

- represents RM2.00

The above condensed consolidated statements 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.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000
OPERATING ACTIVITIES		
Profit before tax	278,897	57,590
Adjustments for:		
Depreciation of property, plant and equipment	6,006	5,218
Depreciation of investment properties	1,770	1,326
Interest expense	4,137	3,835
Amortisation of premiums	7	5
Amortisation of intangible assets	616	387
Impairment loss on AFS financial assets	-	280
Bad debts written off	626	4
Property, plant and equipment written off	3	2,211
Allowance for impairment of receivables	6,338	3,152
Write back of allowance for impairment for loans and advances	-	(139)
Share of results of an associate	11	(101)
Gain on disposal of property, plant and equipment	(57)	(5)
Gain on disposal of investment properties	(196,389)	-
Realised (gain)/loss on:		
- AFS financial assets	(6,066)	(6,170)
- Financial assets at FVTPL	113	(79)
Interest income	(32,070)	(22,479)
Dividend income on quoted shares and unit trusts	(2,937)	(2,551)
Gain arising from fair value change in financial assets at FVTPL	(1,421)	(821)
Operating cash flows before working capital changes	59,584	41,663
Changes in working capital:		
Inventories	(32)	27
Receivables	(129,043)	(35,203)
Reinsurance assets	(35,500)	(39,078)
Insurance contract liabilities	84,611	86,874
Payables	(32,975)	183,444
Cash (used in)/generated from operations	(53,355)	237,727
Income tax paid	(23,789)	(19,750)
Net cash (used in)/generated from operating activities	(77,144)	217,977
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	281	5
- investment properties	227,266	-
- investment securities	238,075	237,768
Redemption of fixed income securities	13,523	-
Purchase of :		
- additional shares in a subsidiary	(2)	-
- intangible assets	(893)	(583)
- property, plant and equipment	(3,175)	(2,707)
- investment properties	(7,062)	-
- investment securities	(229,622)	(402,845)
Net dividend received from quoted shares and unit trusts	2,937	2,551
Interest received	39,632	11,956
Interest paid	(3,597)	(3,078)
Cash and cash equivalents of the subsidiaries acquired	-	192,465
Net cash generated from investing activities	277,363	35,532
FINANCING ACTIVITIES		
Net repayment of borrowings	(29,928)	(17,714)
Net movement in cash deposit with licensed bank	(9)	(287)
Net cash used in financing activities	(29,937)	(18,001)
NET INCREASE IN CASH AND CASH EQUIVALENTS	170,282	311,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	311,135	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	481,417	311,135
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	481,713	311,422
Cash deposit with licensed bank with maturity period of more than 3 months	(296)	(287)
	481,417	311,135

The above condensed consolidated statements 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 STANDARD (“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 Chapter 9 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

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the preparation of the Group’s audited financial statements for the year ended 31 December 2013 except for the adoption of Amendments to Standards and Issue Committee Interpretations effective as of 1 January 2014.

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

The Group has adopted the following Standards and Amendments with a date of initial application of 1 January 2014:-

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 pronouncements did not have any effect on the financial performance or position of the Group.

A2.2 Standards issued but not yet effective

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

Description	Effective for financial 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
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 10 Sale or Contribution of Assets between an and MFRS 128 Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, Investment Entities: Applying the MFRS 12 and MFRS 128 Consolidation Exception	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016

A2 Significant Accounting Policies (cont'd)

A2.2 Standards issued but not yet effective (cont'd)

Description	Effective for periods beginning on or after
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation 1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements 1 January 2016
MFRS 15	Revenue from Contracts with Customers 1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014) 1 January 2018

The adoption of the above standards will not have any material impact to the financial statements upon their initial application except for the adoption of MFRS 9 Financial Instruments.

MFRS 9 Financial Instruments

On 27 November 2014, the MASB issued MFRS 9 Financial Instruments, replacing MFRS 139. The Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of the Standard will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

The Standard also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. The Standard also aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

The Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of the adoption of the Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group.

A3 Seasonal or Cyclical Factors

The performance of the Group is not affected by any seasonal or cyclical factors but is generally dependent on the prevailing economic environment.

A4 Segmental Information

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Segmental Revenue				
Insurance	90,564	76,185	330,957	215,774
Credit	292	283	1,820	1,137
Investments	9,974	10,702	37,439	29,062
Total	100,830	87,170	370,216	245,973
Segmental Results				
Insurance	21,623	15,151	70,906	45,023
Credit	(10,152)	3,377	2,865	6,342
Investments	27,265	1,984	205,126	6,225
	38,736	20,512	278,897	57,590
Income tax expense	(12,796)	(454)	(29,205)	(10,718)
Profit for the year	25,940	20,058	249,692	46,872

A4 Segmental Information (cont'd)

Assets and Liabilities as at 31 December 2014

	Assets RM'000	Liabilities RM'000
Insurance	1,475,192	1,068,857
Credit	139,449	19,130
Investments	990,824	180,619
Total	2,605,465	1,268,606

A5 Accounting Estimates

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

A6 Dividends Paid

No dividend was paid during the quarter under review.

A7 Changes in Debt and Equity Securities

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

A8 Financial Instruments

(i) Classification

The following table analyses the financial assets and liabilities of the Group in the condensed consolidated statements by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis.

	Loans and receivables/ other financial liabilities RM'000	Assets at fair value through profit or loss RM'000	Available for sale RM'000	Total RM'000
As at 31 December 2014				
Financial Assets				
Investment securities	-	113,900	327,657	441,557
Receivables	342,873	-	-	342,873
Reinsurance assets	-	-	447,028	447,028
Tax recoverable	6,564	-	-	6,564
Cash and bank balances	481,713	-	-	481,713
Total financial assets	831,150	113,900	774,685	1,719,735
Financial Liabilities				
Payables	278,885	-	-	278,885
Insurance contract liabilities	-	-	900,815	900,815
Borrowings	63,443	-	-	63,443
Total financial liabilities	342,328	-	900,815	1,243,143

A8 Financial Instruments (cont'd)

(ii) Fair value

The Group uses the following hierarchies for determining and disclosing 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:-

31 December 2014		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Non-current	AFS financial assets	122,292	204,364	1,001	327,657
Current	Financial assets at FVTPL	113,900	-	-	113,900
		236,192	204,364	1,001	441,557

A9 Related Party Disclosures

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
An Associate				
Premium ceded to reinsurers	-	(2)	-	(2)
Claims ceded to insurers	-	-	-	(218)
Affiliated companies				
Gross insurance premium receivables	1,402	1,881	2,949	2,455
Insurance commission payable	(334)	(359)	(556)	(480)
Claim paid	(131)	(126)	(546)	(551)
Professional fees paid	(142)	(197)	(596)	(197)
Office rental paid	-	(6)	(23)	(6)
Information technology management fees payable	(18)	(22)	(71)	(254)
Management fees receivables	413	-	882	-

The above transactions are entered in 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.
- 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.

A10 Contingent Liabilities

As at 12 February 2015, the Board is not aware of any 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 Material Subsequent Events

There were no other material subsequent events since the end of the current quarter and year ended 31 December 2014 until a date not earlier than 7 days from the date of issuance of this quarterly report.

A12 Capital Commitments

Capital commitments for the purchase of property, plant and equipment and computer software and hardware not provided for in the condensed consolidated interim financial statements as at the end of the financial period were as follows:

	As at 31.12.2014 RM'000
Approved and contracted for :-	
Property, plant and equipment	855
Computer software and hardware	1,269
	<u>2,124</u>

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 2014.

A14 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 31.12.2014 RM'000
Not later than 1 year	2,481
Later than 1 year and not later than 5 years	1,833
Total future minimum lease payments	<u>4,314</u>

(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 31.12.2014 RM'000
Not later than 1 year	435
Later than 1 year and not later than 5 years	274
Total future minimum lease receivables	<u>709</u>

A15 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter and year ended 31 December 2014.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

4Q2014 vs 4Q2013

The Group achieved a profit before tax ("PBT") of RM38.74 million for the quarter ended 31 December 2014, an increase of 88.88% compared to the pre-tax profit of RM20.51 million in 4Q2013. Higher underwriting profit and investment income generated from the Insurance Division and the recognition of profit from a joint venture in property had contributed to the favourable performance of the Group in 4Q2014.

Insurance

The PBT of the Insurance Division at RM21.62 million in 4Q2014 was RM6.47 million higher than the pre-tax profit of RM15.15 million in 4Q2013. Higher underwriting profit from the general insurance business as well as better returns from investments contributed to the improvement in results.

Credit and Investments

Unfavourable changes in the fair value of the financial assets had resulted in a loss before tax of RM10.15 million, a drop of RM13.53 million when compared to PBT of RM3.38 million in 4Q2013

Investment Division reported PBT of RM27.27 million in 4Q2014 compared to PBT of RM1.98 million in 4Q2013. The increase was mainly due to recognition of profit from a joint venture in property.

FY 2014 vs FY 2013

The Group reported PBT of RM278.90 million in FY2014, a significant improvement of RM221.31 million from pre-tax profit of RM57.59 million in FY2013. Better performance of the Insurance Division and gain on sale of properties in Investment Division had contributed to the favourable results .

The acquisition of shares in subsidiaries was completed on 29 March 2013 and there were no comparative figures for the 1Q2013 as the Group adopted the approach of not restating the financial information in the consolidated financial statements for the period prior to the combination under common control.

B2 Material change in PBT of the current quarter compared with the immediate preceding quarter

4Q2014 vs 3Q2014

PBT of the Group at RM38.74 in 4Q2014 was 68.58% higher than the pre-tax profit of RM22.98 million recorded in 3Q2014 due mainly to the recognition of profit from a joint venture in property and higher underwriting income from Insurance Division. However, the loss arising from fair value change in financial assets at FVTPL in the Credit Division had affected the results.

B3 Prospects

The Malaysian economy is expected to remain challenging as the results of the drop in the of commodity prices and the weakening of Ringgit Malaysia. The GDP growth for 2015 is projected at 4.5%-5.5%.

Insurance

The Insurance Division had entered into a partnership with Generali Asia N.V. ("Generali Asia"), a 100% indirect subsidiary of Assicurazioni Generali S.p.A which is one of the largest global insurance providers. The multinational expertise, global footprint and network of Generali Asia combined with the experience and indepth knowledge of the Insurance Division in the local insurance industry, the partnership is expected to bring the general insurance business to the next level in future.

Credit and Investments

The Credit Division is mainly confined to selected clientele.

The Investment Division will continue to explore opportunities of profitable joint ventures with reputable property developers or outright disposal at the right price to create value for the shareholders.

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Income tax	12,162	1,023	27,371	10,452
Deferred tax	634	(569)	1,834	266
Total income tax expense	12,796	454	29,205	10,718

Income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the period and year.

The effective tax rate of the Group for the year ended 31 December 2014 was lower than the statutory tax rate as certain portion of the income was not subjected to tax. The effective tax rate of the Group for the current quarter was higher than the statutory tax rate due to certain expenses which were not deductible for tax purpose.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016.

B6 Profit before tax

Included in the profit before tax are the following items:

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment of receivables	945	3,152	6,338	3,152
Amortisation of intangible assets	172	141	616	387
Amortisation of premiums	2	1	7	5
Bad debts written off	91	4	626	4
Contributions to defined benefit plan	-	550	-	550
Depreciation of property, plant and equipment	1,484	1,717	6,006	5,218
Depreciation of investment properties	442	432	1,770	1,326
Dividend income on quoted shares and unit trusts	(685)	(618)	(2,937)	(2,551)
Fund management charges	2	655	741	655
Gain on disposal of property, plant and equipment	(41)	(5)	(57)	(5)
Gain on disposal of investment properties	(437)	-	(196,389)	-
Loss/(Gain) arising from fair value change in financial assets at FVTPL	9,239	(1,236)	(1,421)	(821)
Impairment loss on AFS financial assets	-	280	-	280
Interest expense	935	1,175	4,137	3,835
Interest income	(4,933)	(7,282)	(32,070)	(22,479)
Property, plant and equipment written off	1	2,204	3	2,211
Rent of land and buildings	859	2,477	3,600	2,477
Realised gain on AFS financial assets	(1,731)	(3,230)	(6,066)	(6,170)
Realised gain/(loss) on financial assets at FVTPL	44	(79)	113	(79)
Share of results of an associate	(44)	(108)	11	(101)
Write back of allowance for impairment for loans and advances	-	333	-	(139)

B7 Retained profits

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits		
- realised	434,764	226,159
- unrealised	(11,726)	(12,481)
Total share of retained profits from an associate		
- realised	439	450
Less: Consolidation adjustments	<u>(124,043)</u>	<u>(166,047)</u>
Retained profits as per Statements of Changes in Equity	<u>299,434</u>	<u>48,081</u>

B8 Corporate Proposals

a. 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 and the Land Office 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;
- 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.

B8 Corporate Proposals (cont'd)

b. Disposal of 49% stake in Multi-Purpose Insurans Bhd (“MPIB”)

- (I) Proposed disposal by Multi-Purpose Capital Holdings Berhad (“MPCHB”), a wholly-owned subsidiary of the Company, of 49,000,000 ordinary shares of RM1.00 each, representing 49% of the issued and paid-up share capital of MPIB to Generali Asia, for a disposal consideration of RM355,803,000, subject to adjustments;
- (II) Proposed granting of a call option by MPCHB to Generali Asia for Generali Asia to acquire from MPCHB and to require MPCHB to sell such number of shares which is equivalent to 21% of the issued and paid-up share capital of MPIB at the time of exercise of the call option; and
- (III) Proposed granting of a put option by MPCHB to Generali Asia for Generali Asia to sell to MPCHB and to require MPCHB to acquire all of the issued and paid-up share capital of MPIB held by Generali Asia at the time of exercise of the put option

(Collectively to be referred to as “Proposals”)

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.

On 8 August 2014, the Company announced through Maybank Investment Bank Berhad (“Maybank”) that the Company and MPCHB, a wholly-owned subsidiary of the Company, have jointly submitted an application to BNM to seek the approval of the Minister of Finance pursuant to Section 89 of the Financial Services Act, 2013 for the proposed disposal of 49% equity interest in MPIB, the grant of options to dispose/acquire equity interest in MPIB and the entry into definitive agreements with an interested party.

On 5 November 2014, the Company announced through Maybank that BNM had approved the following:

- (i) proposed disposal by MPCHB, of 49,000,000 ordinary shares of RM1.00 each in MPIB, representing 49% of the issued and paid-up share capital of MPIB to an interested party; and
- (ii) the grant of options by MPCHB to the Interested Party to acquire or dispose equity interest in MPIB.

The interested party and MPCHB have to submit new applications to BNM prior to exercising the call option or put option pursuant to the Financial Services Act, 2013.

The aforementioned transactions are subject to, among others, the acceptance of certain conditions imposed by BNM as well as the execution of the definitive agreements.

On 18 December 2014, the Company announced through Maybank that MPCHB had entered into a conditional share purchase agreement and a call and put option agreement with Generali Asia in relation to the Proposals. On even date, MPCHB had also entered into a shareholders’ agreement with Generali Asia and MPIB, setting out their mutually agreed rights, duties, liabilities and obligations vis-a-vis each other in relation to the operation of MPIB as a joint venture between MPCHB and Generali Asia.

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

B9 Borrowings

The Group's borrowings as at 31 December 2014 are as follows:

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Non-Current		
Term loan	23,848	57,721
Revolving Credit	3,000	6,000
	26,848	63,721
Current		
Term loan	33,595	26,650
Revolving Credit	3,000	3,000
	36,595	29,650
Total	63,443	93,371

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 ("SPA"). Pursuant to the SPA, 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 SPA, 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 SPA was not completed.

Hence, Leisure Dotcom filed a claim against GSB. In turn, GSB had counterclaimed, among others, that the SPA 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.

On 25 June 2014, the Court of Appeal unanimously allowed the appeal by Leisure Dotcom and set aside the order made by the High Court. The Court of Appeal also granted, among others, an order for specific performance of the SPA in respect of a piece of freehold land and costs of RM200,000.00 as costs of the proceedings in the Court of Appeal and the High Court.

GSB has filed an application for leave to appeal the decision made by the Court of Appeal to the Federal Court ("Leave Application"). The hearing of the Leave Application on 3 December 2014 has been postponed. The Federal Court fixed 23 April 2015 for further case management pending the grounds of judgment.

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.

On 11 August 2014, the Court of Appeal unanimously dismissed the appeal by Mulpha with cost of RM15,000.00 to the First and Second Respondents and Thong Honn and RM10,000.00 to Messrs. Chin & Co.

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 High Court fixed 2nd, 3rd & 4th March 2015 for the trials of this case.

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 (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.

In June 2014, the Defendants filed striking out applications to strike out KMD's claim in the civil suit.

On 26 November 2014, the Defendants' striking out applications were allowed with costs. On 8 December 2014, KMD filed its appeals to the Court of Appeal against the High Court's decision on the Defendants' striking out applications. (the "Appeals")

The Court of Appeal fixed 7 May 2015 for the hearing of the Appeals.

B11 Dividend

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

B12 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

B13 Earnings Per Share

Earnings per share is calculated by dividing the profit for the period/year attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the period and year ended 31 December 2014.

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Profit attributable to Owners of the Company (RM'000)	26,147	20,983	251,353	48,249
Weighted average number of ordinary shares in issue ('000)	<u>715,000</u>	<u>542,616</u>	<u>715,000</u>	<u>542,616</u>
Earnings Per Share (Sen per share)	<u>3.66</u>	<u>3.87</u>	<u>35.15</u>	<u>8.89</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
12 February 2015