



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Revenue	90,043	86,758
Cost of sales	(54,740)	(62,058)
Gross profit	<u>35,303</u>	<u>24,700</u>
Other income	16,066	14,328
Administrative expenses	(14,243)	(11,409)
Other expenses	(15,799)	(14,468)
Operating profit	<u>21,327</u>	<u>13,151</u>
Finance costs	(779)	(1,107)
Share of results of an associate	(9)	(5)
Profit before tax	<u>20,539</u>	<u>12,039</u>
Income tax expense	(4,762)	(3,676)
Profit for the period	<u><u>15,777</u></u>	<u><u>8,363</u></u>
Profit attributable to:		
Owners of the Company	16,017	8,553
Non-controlling interests	(240)	(190)
	<u><u>15,777</u></u>	<u><u>8,363</u></u>
Earnings per share attributable to owners of the Company (sen per share):		
Basic, for profit for the period	<u>2.24</u>	<u>1.20</u>
Profit for the period	15,777	8,363
Items that may be subsequently reclassified to profit or loss:		
Net fair value changes in available-for-sale (AFS) financial assets	(1,628)	(2,365)
Tax effects	500	(238)
Total other comprehensive loss, net of income tax	<u>(1,128)</u>	<u>(2,603)</u>
Total comprehensive income for the period	<u><u>14,649</u></u>	<u><u>5,760</u></u>
Total comprehensive income attributable to:		
Owners of the Company	14,889	5,950
Non-controlling interests	(240)	(190)
	<u><u>14,649</u></u>	<u><u>5,760</u></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 2014 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	82,981	84,266
Investment properties	746,032	748,661
Investment in an associate	530	539
Investment securities	324,242	327,656
Intangible assets	43,027	43,161
Deferred tax assets	9,838	9,838
	1,206,650	1,214,121
Current assets		
Inventories	258	231
Receivables	338,969	341,097
Reinsurance assets	391,664	443,946
Tax recoverable	446	5,689
Investment securities	106,556	113,900
Cash and bank balances	488,214	481,714
	1,326,107	1,386,577
Total assets	2,532,757	2,600,698
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	715,000	715,000
Share premium	296,091	296,091
Other reserves	41,583	42,711
Merger deficit	(28,464)	(28,464)
Retained profits	309,518	293,501
	1,333,728	1,318,839
Non-controlling interests	13,380	13,620
Total equity	1,347,108	1,332,459
Non-current liabilities		
Borrowings	18,450	26,848
Deferred tax liabilities	20,305	21,446
	38,755	48,294
Current liabilities		
Payables	244,344	276,883
Insurance contract liabilities	856,274	897,733
Borrowings	36,595	36,595
Tax payable	9,681	8,734
	1,146,894	1,219,945
Total liabilities	1,185,649	1,268,239
Total equity and liabilities	2,532,757	2,600,698
Net assets per share attributable to owners of the Company (RM)	1.87	1.84

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 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2015

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 2014	715,000	296,091	47,837	(28,464)	48,081	1,078,545	15,389	1,093,934
Profit for the period	-	-	-	-	8,553	8,553	(190)	8,363
Other comprehensive loss for the period, net of income tax	-	-	(2,603)	-	-	(2,603)	-	(2,603)
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
At 1 January 2015	715,000	296,091	42,711	(28,464)	293,501	1,318,839	13,620	1,332,459
Profit for the period	-	-	-	-	16,017	16,017	(240)	15,777
Other comprehensive loss for the period, net of income tax	-	-	(1,128)	-	-	(1,128)	-	(1,128)
Total comprehensive income for the period	-	-	(1,128)	-	16,017	14,889	(240)	14,649
At 31 March 2015	715,000	296,091	41,583	(28,464)	309,518	1,333,728	13,380	1,347,108

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 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2015

	3 months ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	20,539	12,039
Adjustments for:		
Depreciation of property, plant and equipment	1,452	1,468
Depreciation of investment properties	443	443
Interest expense	779	1,107
Amortisation of premiums	-	2
Amortisation of intangible assets	173	144
Bad debts written off	-	29
Property, plant and equipment written off	1	-
Allowance for impairment of receivables	1,553	1,087
Share of results of an associate	9	5
Gain on disposal of property, plant and equipment	(4)	-
Gain on disposal of investment properties	(1,063)	-
Realised (gain)/loss on:		
- AFS financial assets	(1,858)	256
- Financial assets at FVTPL	(15)	-
Interest income	(9,492)	(9,313)
Dividend income on quoted shares and unit trusts	(680)	(479)
Gain arising from fair value change in financial assets at FVTPL	(813)	(1,136)
Operating cash flows before working capital changes	<u>11,024</u>	<u>5,652</u>
Changes in working capital:		
Inventories	(27)	(14)
Receivables	639	627
Reinsurance assets	52,282	65,104
Insurance contract liabilities	(41,459)	(43,831)
Payables	(32,986)	17,199
Cash flows (used in)/generated from operations	<u>(10,527)</u>	<u>44,737</u>
Income tax refund/(paid)	787	(6,869)
Net cash flows (used in)/generated from operating activities	<u>(9,740)</u>	<u>37,868</u>
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	4	-
- investment properties	3,249	-
- investment securities	37,023	16,481
Redemption of fixed income securities	8,891	10,000
Purchase of :		
- intangible assets	(39)	(98)
- property, plant and equipment	(168)	(102)
- investment securities	(33,942)	(37,716)
Net dividend received from quoted shares and unit trusts	680	479
Interest received	9,272	9,295
Interest paid	(332)	(1,107)
Net cash flows generated from investing activities	<u>24,638</u>	<u>(2,768)</u>
FINANCING ACTIVITIES		
Net repayment of borrowings	(8,398)	(5,065)
Net movement in fixed deposits with licensed bank	(10)	-
Net cash flows used in financing activities	<u>(8,408)</u>	<u>(5,065)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,490	30,035
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>481,418</u>	<u>311,135</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>487,908</u>	<u>341,170</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	488,214	341,457
Fixed deposits with licensed bank with maturity period of more than 3 months	(306)	(287)
	<u>487,908</u>	<u>341,170</u>

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 2014 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 Chapter 9 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements have also been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework for insurers issued by Bank Negara Malaysia (“BNM”).

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

A2 Significant Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim financial statements are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2014, except for the adoption of Annual improvements to Standards effective as of 1 January 2015.

A2.1 Adoption of Annual Improvements to Standards

The Group has adopted the following Annual improvements to Standards with a date of initial application of 1 January 2015:-

	Effective for periods beginning on or after
Annual Improvements to MFRSs 2010-2012 Cycle	1 January 2015
Annual Improvements to MFRSs 2011-2013 Cycle	1 January 2015

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, Amendments and Annual improvements to Standards were issued by the MASB but are not yet effective and have not been adopted by the Group:

Description	Effective for periods beginning on or after
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 And MFRS 141 Bearer Plants	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 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 International Accounting Standards Board ("IASB") in July 2014)	1 January 2018

The initial adoption of the above standards when they become effective is not expected to have any material impact to the financial statements other than the adoption of MFRS 9 Financial Instruments.

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. The Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting of financial instruments. 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. Finally, the Standard aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses 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.

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

	31.03.2015	31.03.2014
	RM'000	RM'000
Segmental Revenue		
Insurance	81,870	77,406
Credit	284	306
Investments	7,889	9,046
Total	90,043	86,758
Segmental Results		
Insurance	22,251	9,126
Credit	1,113	1,707
Investments	(2,825)	1,206
	20,539	12,039
Income tax expense	(4,762)	(3,676)
Profit for the period	15,777	8,363

A4 Segmental Information (cont'd)

Assets and Liabilities as at 31 March 2015

	Assets RM'000	Liabilities RM'000
Insurance	1,417,546	997,602
Credit	138,508	18,391
Investments	976,703	169,656
Total	2,532,757	1,185,649

A5 Accounting Estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2015.

A6 Dividends Paid

No dividend was paid during the quarter under review.

A7 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases and repayments of debt and equity securities during the quarter ended 31 March 2015.

A8 Financial Instruments

(i) Classification

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

	Loans and receivables/ other liabilities RM'000	FVTPL financial assets RM'000	AFS financial assets RM'000	Assets/ liabilities not in scope of MFRS 139 RM'000	Total RM'000
As at 31 March 2015					
Assets					
Property, plant and equipment	-	-	-	82,981	82,981
Investment properties	-	-	-	746,032	746,032
Investment in an associate	-	-	-	530	530
Intangible assets	-	-	-	43,027	43,027
Deferred tax assets	-	-	-	9,838	9,838
Inventories	-	-	-	258	258
Receivables	338,969	-	-	-	338,969
Reinsurance assets	-	-	-	391,664	391,664
Investment securities	-	106,556	324,242	-	430,798
Tax recoverable	-	-	-	446	446
Cash and bank balances	488,214	-	-	-	488,214
	827,183	106,556	324,242	1,274,776	2,532,757

A8 Financial Instruments (cont'd)

(i) Classification (cont'd)

	Loans and receivables/ other liabilities RM'000	FVTPL financial assets RM'000	AFS financial assets RM'000	Assets/ liabilities not in scope of MFRS 139 RM'000	Total RM'000
As at 31 March 2015					
Liabilities					
Payables	244,344	-	-	-	244,344
Insurance contract liabilities	-	-	-	856,274	856,274
Borrowings	55,045	-	-	-	55,045
Tax payable	-	-	-	9,681	9,681
Deferred tax liabilities	-	-	-	20,305	20,305
	299,389	-	-	886,260	1,185,649

(ii) Fair Values

Financial instruments that are carried at fair value

Financial instruments are measured at fair value at different measurement hierarchies (i.e. Level 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the 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).

The Group does not have any financial instruments in Level 3 as at 31 March 2015.

		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2015					
Non-current	AFS financial assets	124,518	198,723	-	323,241
Current	FVTPL financial assets	106,556	-	-	106,556
		231,074	198,723	-	429,797

A9 Related Party Disclosures

	3 months ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Affiliated companies		
Gross insurance premium receivables	736	618
Insurance commission payable	(97)	(88)
Claim paid	(145)	(63)
Professional fees paid	(240)	(162)
IT management fees payable	(18)	(18)

The above transactions have been entered into in the normal course of business and were based on negotiated and mutually agreed terms.

A9 Related Party Disclosures (cont'd)

Affiliated companies during the financial quarter 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 21 May 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 Events after the reporting period

There were no other material subsequent events except as disclosed in Note B8 since the end of the current quarter 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 not provided for in the condensed consolidated interim financial statements as at the end of the financial period were as follows:

	As at
	31.03.2015
	RM'000
Approved and contracted for :-	
Property, plant and equipment	<u>3,398</u>

A13 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 March 2015.

A14 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 2015 but not recognised as liabilities are as follows:

	As at 31.03.2015 RM'000
Not later than 1 year	2,398
Later than 1 year and not later than 5 years	1,499
Total future minimum lease payments	3,897

(ii) The Group as lessor

The future aggregate minimum lease payments receivable under operating leases contracted for the quarter ended 31 March 2015 but not recognised as receivables are as follows:

	As at 31.03.2015 RM'000
Not later than 1 year	371
Later than 1 year and not later than 5 years	215
Total future minimum lease receivables	586

A15 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2015.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

1Q 2015 vs 1Q 2014

Profit before tax (“PBT”) achieved by the Group in 1Q 2015 was RM20.54 million which was an increase of 70.60% from PBT of RM12.04 million reported in 1Q 2014. This was mainly due to significant contributions from Insurance Division during the current quarter.

Insurance

In 1Q 2015, the PBT of the Insurance Division at RM22.25 million was RM13.12 million higher when compared to pre-tax profit of RM9.13 million reported in 1Q 2014. Higher underwriting profit and investments income recorded in 1Q 2015 contributed largely to the favourable results.

Credit

The Credit Division recorded a PBT of RM1.11 million in 1Q 2015, a slight drop of RM0.60 million when compared to PBT of RM1.71 million achieved in 1Q 2014 as a result of lower interest income earned in the current quarter.

Investments

The Investments Division incurred a loss before tax of RM2.83 million in 1Q 2015 which is a drop of RM4.04 million compared to PBT of RM1.21 million posted in 1Q 2014. Higher operating expenses incurred in 1Q 2015 as compared to higher interest income recorded in 1Q 2014 resulted in the reduction of RM4.04 million.

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

1Q 2015 vs 4Q 2014

Profit before tax of the Group at RM20.54 million registered in the current quarter was RM18.20 million lower than the pre-tax profit of RM38.74 million achieved in 4Q 2014. The better results posted in 4Q 2014 was due to the recognition of profit from a joint venture in Investments Division. However, Credit Division reported a net gain from fair value changes in financial assets at FVTPL in the current quarter.

B3 Prospects

In line with the moderate growth of the global economy, the Malaysian economy is expected to be positive with the projected GDP growth of 5% with domestic demand as the key driver of growth. The private consumption is expected to moderate as consumers adjust to the introduction of the Goods and Services Tax.

Insurance

The strategic partnership of Generali Asia N.V. (“Generali Asia”) with its multinational expertise, excellent global footprint and extensive network, and Insurance Division’s in-depth domestic knowledge of the local environment will grow the insurance business to a new level. The alliance will strengthen Insurance Division as it is able to leverage on world-class expertise and technical efficiency to enhance insurance solutions for commercial, institutional and retail customers.

Credit and Investments

The Credit Division is limited to selected clientele.

The Investments Division will continue to lookout for profitable joint ventures with reputable and reliable partners or outright disposal at the right price to potential buyers.

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	
	31.03.2015	31.03.2014
	RM'000	RM'000
Income tax	5,403	3,676
Deferred tax	(641)	-
Total income tax expense	<u>4,762</u>	<u>3,676</u>

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

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate as certain portion of the income was not subjected to tax.

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	
	31.03.2015	31.03.2014
	RM'000	RM'000
Allowance for impairment of receivables	1,553	1,087
Amortisation of intangible assets	173	144
Amortisation of premiums	-	2
Bad debts written off	-	29
Depreciation of property, plant and equipment	1,452	1,468
Depreciation of investment properties	443	443
Dividend income on quoted shares and unit trusts	(680)	(479)
Fund management charges	171	135
Gain on disposal of property, plant and equipment	(4)	-
Gain on disposal of investment properties	(1,063)	-
Gain arising from fair value change in financial assets at FVTPL	(813)	(1,136)
Interest expense	779	1,107
Interest income	(9,492)	(9,313)
Property, plant and equipment written off	1	-
Rent of land and buildings	882	936
Realised (gain)/loss on AFS financial assets	(1,858)	256
Realised gain on financial assets at FVTPL	(15)	-
Share of results of an associate	9	5

B7 Retained profits

	As at	As at
	31.03.2015	31.12.2014
	RM'000	RM'000
Total retained profits		
- realised	438,644	423,815
- unrealised	(10,467)	(11,608)
Total share of retained profits from an associate		
- realised	430	439
Less: Consolidation adjustments	<u>(119,089)</u>	<u>(119,145)</u>
Retained profits as per Statements of Changes in Equity	<u>309,518</u>	<u>293,501</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 2015 (extended from 31 December 2014). 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.

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

- I) 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) 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) 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 hereinafter known as Corporate Exercises)

On 25 March 2015, the Company announced that the disposal were approved by the shareholders of the Company at the Extraordinary General Meeting held on the same day.

On 7 May 2015, the Company announced through Maybank Investment Bank Berhad that MPCHB has received the consideration amounting to an aggregate of approximately RM355.98 million for the disposal via the following:

- (i) direct cash payment of approximately RM337.81 million by Generali Asia; and
- (ii) the release of the Balance Escrow Sum of approximately RM18.17 million by the escrow agent to MPCHB.

B8 Corporate Proposals (cont'd)

b. Disposal of 49% stake in Multi-Purpose Insurans Bhd ("MPIB") (cont'd)

MPCHB has also received the Call Option Payment and Put Option Payment from Generali Asia amounting to an aggregate of approximately RM4.15 million.

In this regard, the Corporate Exercises have been completed on 7 May 2015.

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

B9 Borrowings

The Group's borrowings as at 31 March 2015 are as follows:

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
Non-Current		
Term loan	15,450	23,848
Revolving Credit	3,000	3,000
	<u>18,450</u>	<u>26,848</u>
Current		
Term loan	33,595	33,595
Revolving Credit	3,000	3,000
	<u>36,595</u>	<u>36,595</u>
Total	<u>55,045</u>	<u>63,443</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 ("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.

B10 Material Litigation (cont'd)

i) Kuala Lumpur High Court Suit No. S1-22-946-2008 (cont'd)

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 8 July 2015 for further case management pending the grounds of judgment of Court of Appeal.

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 to the First and Second Respondents and Thong Honn and RM10,000 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 on 21 April 2015 had delivered the decision which held that Mulpha's claim for the sum of RM3,316,942 against MKPK is allowed with costs.

On 27 April 2015, MKPK had lodged an appeal to the Court of Appeal against the High Court's decision and as at to date no case management date has been fixed.

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.

B10 Material Litigation (cont'd)

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

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 ("Appeals").

The Court of Appeal fixed 7 May 2015 for the hearing of the Appeals. The hearing of the said Appeals has been adjourned to 21 July 2015 pending the grounds of judgment of High Court.

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 2014 was not qualified.

B13 Earnings Per Share

Earnings per share is calculated by dividing the profit 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	
	31.03.2015	31.03.2014
Profit attributable to owners of the Company (RM'000)	16,017	8,553
Weighted average number of ordinary shares in issue ('000)	715,000	715,000
Earnings Per Share (Sen per share)	2.24	1.20

By Order Of The Board
Ng Sook Yee
Company Secretary
21 May 2015