



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	101,861	91,800	191,904	178,558
Cost of sales	(68,261)	(57,805)	(123,001)	(119,863)
Gross profit	33,600	33,995	68,903	58,695
Other income	16,991	212,768	33,057	227,096
Administrative expenses	(14,282)	(12,321)	(28,525)	(23,730)
Other expenses	(15,298)	(28,182)	(31,097)	(42,650)
Operating profit	21,011	206,260	42,338	219,411
Finance costs	(666)	(1,070)	(1,445)	(2,177)
Share of results of an associate	(3)	(49)	(12)	(54)
Profit before tax	20,342	205,141	40,881	217,180
Income tax expense	(4,773)	(7,088)	(9,535)	(10,764)
Profit for the period	15,569	198,053	31,346	206,416
Profit attributable to:				
Owners of the Company	10,809	198,863	26,826	207,416
Non-controlling interests	4,760	(810)	4,520	(1,000)
	15,569	198,053	31,346	206,416
Basic earnings per share attributable to owners of the Company (sen per share)	1.51	27.81	3.75	29.01
Profit for the period	15,569	198,053	31,346	206,416
Items that are or may be subsequently reclassified to profit or loss:				
Net fair value changes in available-for-sale (AFS) financial assets	(1,938)	5,396	(3,566)	3,031
Tax effects	526	(697)	1,026	(935)
Total other comprehensive income, net of income tax	(1,412)	4,699	(2,540)	2,096
Total comprehensive income for the period	14,157	202,752	28,806	208,512
Total comprehensive income attributable to:				
Owners of the Company	9,397	203,562	25,711	209,512
Non-controlling interests	4,760	(810)	3,095	(1,000)
	14,157	202,752	28,806	208,512

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 30 JUNE 2015

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	82,054	84,266
Investment properties	744,180	748,661
Investment in an associate	527	539
Investment securities	383,621	327,656
Intangible assets	34,243	43,161
Deferred tax assets	9,812	9,838
	<u>1,254,437</u>	<u>1,214,121</u>
Current assets		
Inventories	256	231
Receivables	350,990	341,097
Reinsurance assets	351,040	443,946
Tax recoverable	1,841	5,689
Investment securities	407,012	113,900
Cash and bank balances	471,305	481,714
	<u>1,582,444</u>	<u>1,386,577</u>
Total assets	<u>2,836,881</u>	<u>2,600,698</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	715,000	715,000
Share premium	296,091	296,091
Other reserves	41,596	42,711
Merger deficit	(28,464)	(28,464)
Retained profits	485,838	293,501
	<u>1,510,061</u>	<u>1,318,839</u>
Non-controlling interests	180,794	13,620
Total equity	<u>1,690,855</u>	<u>1,332,459</u>
Non-current liabilities		
Borrowings	14,663	26,848
Derivative financial instrument	4,150	-
Deferred tax liabilities	19,754	21,446
	<u>38,567</u>	<u>48,294</u>
Current liabilities		
Payables	233,365	276,883
Insurance contract liabilities	830,975	897,733
Borrowings	31,983	36,595
Tax payable	11,136	8,734
	<u>1,107,459</u>	<u>1,219,945</u>
Total liabilities	<u>1,146,026</u>	<u>1,268,239</u>
Total equity and liabilities	<u>2,836,881</u>	<u>2,600,698</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.11</u>	<u>1.84</u>

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 30 JUNE 2015**

|-----Attributable to owners of the Company-----|

	-----Non-distributable-----				Distributable		Non-	Total
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Merger deficit RM'000	Retained profits RM'000	Total RM'000	controlling interests RM'000	equity 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	-	-	-	-	207,416	207,416	(1,000)	206,416
Other comprehensive income for the period, net of income tax	-	-	2,096	-	-	2,096	-	2,096
Total comprehensive income for the period	-	-	2,096	-	207,416	209,512	(1,000)	208,512
At 30 June 2014	715,000	296,091	49,933	(28,464)	255,497	1,288,057	14,389	1,302,446
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	-	-	-	-	26,826	26,826	4,520	31,346
Other comprehensive income for the period, net of income tax	-	-	(1,115)	-	-	(1,115)	(1,425)	(2,540)
Total comprehensive income for the period	-	-	(1,115)	-	26,826	25,711	3,095	28,806
Arising from increase in equity interests in subsidiaries	-	-	-	-	15,485	15,485	(15,485)	-
Arising from part disposal of equity interest in a subsidiary	-	-	-	-	150,026	150,026	179,564	329,590
At 30 June 2015	715,000	296,091	41,596	(28,464)	485,838	1,510,061	180,794	1,690,855

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 30 JUNE 2015

	6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000
OPERATING ACTIVITIES		
Profit before tax	40,881	217,180
Adjustments for:		
Depreciation of property, plant and equipment	2,900	2,987
Depreciation of investment properties	886	885
Interest expense	1,445	2,177
Amortisation of premiums	4	3
Amortisation of intangible assets	355	286
Bad debts written off	53	6
Property, plant and equipment written off	1	2
Allowance for impairment of receivables	2,746	1,779
Share of results of an associate	12	54
Gain on disposal of property, plant and equipment	(3)	(16)
Gain on disposal of investment properties	(2,025)	(195,862)
Realised gain on AFS financial assets	(2,496)	(2,566)
Realised (gain)/loss on financial assets at FVTPL	(15)	31
Interest income	(21,732)	(20,250)
Dividend income on quoted shares and unit trusts	(1,807)	(1,956)
Gain arising from fair value change in financial assets at FVTPL	(286)	(3,620)
Operating cash flows before working capital changes	20,919	1,120
Changes in working capital:		
Inventories	(25)	(42)
Receivables	(12,612)	(14,637)
Reinsurance assets	92,906	(72,626)
Insurance contract liabilities	(66,758)	106,047
Payables	(45,816)	(53,509)
Cash flows used in operations	(11,386)	(33,647)
Income tax paid	(3,925)	(11,751)
Net cash flows used in operating activities	(15,311)	(45,398)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1	215
Proceeds from disposal of investment properties	5,620	226,057
Proceeds from disposal of investment securities	52,979	77,666
Redemption of fixed income securities	8,891	7,215
Purchase of intangible assets	(640)	(118)
Purchase of property, plant and equipment	(687)	(1,941)
Purchase of investment properties	-	(7,062)
Purchase of investment securities	(411,720)	(168,709)
Net cash flow arising from part disposal of equity interest in a subsidiary	340,729	-
Net cash flow arising from derivative financial instrument	4,150	-
Net dividend received from quoted shares and unit trusts	1,807	1,956
Interest received	21,652	25,232
Interest paid	(1,083)	(1,787)
Net cash flows generated from investing activities	21,699	158,724
FINANCING ACTIVITIES		
Net repayment of borrowings	(16,797)	(10,131)
Net movement in fixed deposits with licensed bank	(10)	(9)
Net cash flows used in financing activities	(16,807)	(10,140)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,419)	103,186
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	481,418	311,135
CASH AND CASH EQUIVALENTS AT END OF PERIOD	470,999	414,321
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	471,305	414,617
Fixed deposits with licensed bank with maturity period of more than 3 months	(306)	(296)
	470,999	414,321

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

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

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Segmental Revenue				
Insurance	92,750	81,275	174,620	158,681
Credit	1,114	907	1,398	1,213
Investments	7,997	9,618	15,886	18,664
Total	101,861	91,800	191,904	178,558
Segmental Results				
Insurance	20,649	20,554	42,900	29,680
Credit	1,849	3,416	2,962	5,123
Investments	(2,156)	181,171	(4,981)	182,377
	20,342	205,141	40,881	217,180
Income tax expense	(4,773)	(7,088)	(9,535)	(10,764)
Profit for the period	15,569	198,053	31,346	206,416

A4 Segmental Information (cont'd)

Assets and Liabilities as at 30 June 2015

	Assets RM'000	Liabilities RM'000
Insurance	1,412,544	981,301
Credit	467,211	2,175
Investments	957,126	162,550
Total	2,836,881	1,146,026

A5 Accounting Estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 June 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 30 June 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 RM'000	FVTPL financial assets RM'000	AFS financial assets RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
As at 30 June 2015					
Assets					
Property, plant and equipment	-	-	-	82,054	82,054
Investment properties	-	-	-	744,180	744,180
Investment in an associate	-	-	-	527	527
Intangible assets	-	-	-	34,243	34,243
Deferred tax assets	-	-	-	9,812	9,812
Inventories	-	-	-	256	256
Receivables	350,990	-	-	-	350,990
Reinsurance assets	-	-	-	351,040	351,040
Investment securities	-	407,012	383,621	-	790,633
Tax recoverable	-	-	-	1,841	1,841
Cash and bank balances	471,305	-	-	-	471,305
	822,295	407,012	383,621	1,223,953	2,836,881

A8 Financial Instruments (cont'd)

(i) Classification (cont'd)

	Other liabilities RM'000	FVTPL financial liability RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
As at 30 June 2015				
Liabilities				
Payables	233,365	-	-	233,365
Insurance contract liabilities	-	-	830,975	830,975
Borrowings	46,646	-	-	46,646
Derivative financial instrument	-	4,150	-	4,150
Tax payable	-	-	11,136	11,136
Deferred tax liabilities	-	-	19,754	19,754
	280,011	4,150	861,865	1,146,026

(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).

		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2015					
Assets					
Non-current	AFS financial assets	120,040	262,580	-	382,620
Current	FVTPL financial assets	407,012	-	-	407,012
		527,052	262,580	-	789,632
Liabilities					
Non-current	FVTPL financial liability	-	-	4,150	4,150

A9 Related Party Disclosures

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Affiliated companies				
Gross insurance premium receivables	575	800	1,311	1,418
Management fees receivable	328	469	328	469
Insurance commission payable	(72)	(114)	(169)	(202)
Claim paid	(135)	(202)	(280)	(265)
Professional fees paid	(171)	(152)	(411)	(314)
Office rental paid	-	(23)	-	(23)
IT management fees payable	(17)	(17)	(35)	(35)

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

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 19 August 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

Termination of Joint Venture Agreement dated 29 April 2011 entered into between Mimaland Berhad ("Mimaland"), a 98.20%-owned subsidiary of the Company and Magna Senandung Sdn Bhd ("MSSB") ("JVA")

On 10 August 2015, the Company had announced that Mimaland entered into a Deed of Termination with MSSB to mutually terminate the JVA in respect of the proposed development of the land owned by Mimaland.

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

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 30.06.2015 RM'000
Approved and contracted for :- Property, plant and equipment	<u>3,740</u>

A13 Changes in the Composition of the Group

On 24 June 2015, the Company announced that Multi-Purpose Venture Partners Sdn Bhd, an indirect subsidiary of the Company, has been dissolved pursuant to Section 272(5) of the Companies Act, 1965.

The Members' Voluntary Winding-Up is not expected to have any material impact on the Group's earnings and net assets for the financial year ending 31 December 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 30 June 2015 but not recognised as liabilities are as follows:

	As at 30.06.2015 RM'000
Not later than 1 year	2,122
Later than 1 year and not later than 5 years	<u>1,199</u>
Total future minimum lease payments	<u>3,321</u>

(ii) The Group as lessor

The future aggregate minimum lease payments receivable under operating leases contracted for the quarter ended 30 June 2015 but not recognised as receivables are as follows:

	As at 30.06.2015 RM'000
Not later than 1 year	296
Later than 1 year and not later than 5 years	<u>167</u>
Total future minimum lease receivables	<u>463</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 ended 30 June 2015.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of performance of the Group**2Q 2015 vs 2Q 2014

Profit Before Tax ("PBT") for the current quarter of RM20.34 million was 90.1% lower than the PBT of RM205.14 million reported in 2Q 2014. Exceptional gain from the sale of investment properties of RM195.86 million was reported in 2Q 2014 attributed to the better results in 2Q 2014.

Insurance

The Insurance Division achieved a PBT of RM20.65 million in 2Q 2015 which was marginally higher compared to PBT of RM20.55 million reported in 2Q 2014 as a result of improved underwriting profit in the current quarter.

Credit

In 2Q 2015, the PBT of the Credit Division at RM1.85 million was 45.91% lower than the pre-tax profit of RM3.42 million reported in 2Q 2014. Loss arising from the fair value changes in investment securities has adversely affected the current quarter's results.

Investments

The Investments Division posted a loss before tax of RM2.16 million in 2Q 2015, a significant drop of RM183.33 million compared to profit before tax of RM181.17 million recorded in 2Q 2014. This was mainly due to a gain from the sale of investment properties amounting to RM195.86 million posted in 2Q 2014.

6M 2015 vs 6M 2014

The Group generated a profit before tax of RM40.88 million in 6M 2015 which was RM176.3 million lower than RM217.18 million recorded in 6M 2014. The decrease was mainly due to absence of the exceptional gain from the sale of investment properties and loss arising from fair value changes of investment securities in the Credit and Investments Divisions. However, higher underwriting profit from the general insurance business contributed to the favourable performance of Insurance Division.

B2 Material change in PBT of the current quarter compared with the immediate preceding quarter2Q 2015 vs 1Q 2015

In 2Q2015, the Group reported PBT of RM20.34 million which was slightly lower than the pre-tax profit of RM20.54 million achieved in 1Q2015.

B3 Prospects

The global economy is expected to be challenging with lower growth rate in 2015.

Malaysian economy, with the weakening of the Ringgit, is expected to be driven mainly by private sector demand, supported by investments in the export-related businesses, service industry and infrastructure projects. Private consumption is expected to be slower with the introduction of the Goods and Services Tax.

Insurance

The disposal of 49% stake in the insurance subsidiary, Multi-Purpose Insurans Berhad ("MPIB") was completed on 7 May 2015, as disclosed in Note B8(b).

On 15 July 2015, MPIB changed its name to MPI Generali Insurans Berhad ("MPI Generali") to better reflect the intergration with the Generali Group which is one of the largest global insurance providers. Generali Group will have stronger foothold in Malaysia's growing property and casualty markets with MPI Generali's invaluable domestic expertise, established wide network and intimate business relationship.

Going forward, MPI Generali will benefit from this strategic partnership and aims to be transformed into one of the key long term players, financially strong and stable, in the local property and casualty industry .

Credit and Investments

The Credit Business is limited to selected reputable clientele.

The Investments Division will continue to seek profitable joint ventures with established partners or outright disposal to enhance shareholders' value.

B4 Profit Forecast and Profit Guarantee

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

B5 Income Tax Expense

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Income tax	4,772	4,950	10,175	8,626
Deferred tax	1	2,138	(640)	2,138
Total income tax expense	<u>4,773</u>	<u>7,088</u>	<u>9,535</u>	<u>10,764</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		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment of receivables	1,193	692	2,746	1,779
Amortisation of intangible assets	182	142	355	286
Amortisation of premiums	4	1	4	3
Bad debts written off	53	(23)	53	6
Depreciation of property, plant and equipment	1,448	1,519	2,900	2,987
Depreciation of investment properties	443	442	886	885
Dividend income on quoted shares and unit trusts	(1,127)	(1,477)	(1,807)	(1,956)
Fund management charges	248	404	419	539
Gain on disposal of property, plant and equipment	1	(16)	(3)	(16)
Gain on disposal of investment properties	(962)	(195,862)	(2,025)	(195,862)
Loss/(gain) arising from fair value change in financial assets at FVTPL	527	(2,484)	(286)	(3,620)
Interest expense	666	1,070	1,445	2,177
Interest income	(12,240)	(10,937)	(21,732)	(20,250)
Property, plant and equipment written off	-	2	1	2
Rent of land and buildings	1,089	930	1,971	1,866
Realised gain on AFS financial assets	(638)	(2,822)	(2,496)	(2,566)
Realised loss/(gain) on financial assets at FVTPL	-	31	(15)	31
Share of results of an associate	3	49	12	54

B7 Retained profits

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits		
- realised	606,896	423,815
- unrealised	(9,942)	(11,608)
Total share of retained profits from an associate		
- realised	527	439
Less: Consolidation adjustments	(111,643)	(119,145)
Retained profits as per Statements of Changes in Equity	<u>485,838</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 MPI Generali Insurans Berhad ("MPI Generali")

- 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 MPI Generali to Generali Asia, for a disposal consideration of RM355,803,000 subject to certain 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 MPI Generali 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 MPI Generali held by Generali Asia at the time of exercise of the put option.

(Collectively hereinafter known as Corporate Exercises)

On 7 May 2015, the Company announced the completion of the Corporate Exercises and had received the consideration amounting to an aggregate of RM355.98 million for the disposal and the Call and Put Option Payment amounting to RM4.15 million from 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 30 June 2015 are as follows:

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Non-Current		
Term loan	11,663	23,848
Revolving Credit	3,000	3,000
	<u>14,663</u>	<u>26,848</u>
Current		
Term loan	28,983	33,595
Revolving Credit	3,000	3,000
	<u>31,983</u>	<u>36,595</u>
Total	<u>46,646</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.

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 had fixed 1 October 2015 for further case management.

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 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. The Court of Appeal had fixed the appeal for hearing on 10 December 2015.

B10 Material Litigation (cont'd)

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 Petroliaam 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 ("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 28 September 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 Basic Earnings Per Share

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

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Profit attributable to owners of the Company (RM'000)	<u>10,809</u>	<u>198,863</u>	<u>26,826</u>	<u>207,416</u>
Number of ordinary shares in issue ('000)	<u>715,000</u>	<u>715,000</u>	<u>715,000</u>	<u>715,000</u>
Basic Earnings Per Share (Sen per share)	<u>1.51</u>	<u>27.81</u>	<u>3.75</u>	<u>29.01</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
19 August 2015