



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	87,425	100,692	380,776	370,078
Cost of sales	(48,339)	(61,981)	(234,362)	(243,261)
Gross profit	39,086	38,711	146,414	126,817
Other income	37,491	31,136	83,325	285,710
Administrative expenses	(18,862)	(19,569)	(62,430)	(55,594)
Other expenses	(11,869)	(12,062)	(58,660)	(75,299)
Operating profit	45,846	38,216	108,649	281,634
Finance costs	(443)	(935)	(2,441)	(4,137)
Share of results of an associate	(13)	44	(24)	(11)
Profit before tax	45,390	37,325	106,184	277,486
Income tax expense	(5,243)	(17,424)	(20,677)	(33,833)
Profit for the period/year	40,147	19,901	85,507	243,653
Profit attributable to:				
Owners of the Company	28,967	20,214	63,365	245,420
Non-controlling interests	11,180	(313)	22,142	(1,767)
	40,147	19,901	85,507	243,653
Basic earnings per share attributable to owners of the Company (sen per share)	4.05	2.83	8.86	34.32
Profit for the period/year	40,147	19,901	85,507	243,653
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Fair value reserves				
Net (loss)/gain arising during the period/year	7,553	(8,286)	685	(2,321)
Net realised gains transferred to profit or loss	(67)	(1,059)	(2,697)	(5,394)
	7,486	(9,345)	(2,012)	(7,715)
Tax effects	(2,058)	2,895	371	2,589
Total other comprehensive income, net of income tax	5,428	(6,450)	(1,641)	(5,126)
Total comprehensive income for the period/year	45,575	13,451	83,866	238,527
Total comprehensive income attributable to:				
Owners of the Company	34,395	13,764	62,708	240,294
Non-controlling interests	11,180	(313)	21,158	(1,767)
	45,575	13,451	83,866	238,527

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 DECEMBER 2015

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	81,570	84,266
Investment properties	835,854	748,661
Investment in an associate	515	539
Investment securities	396,964	327,656
Intangible assets	34,859	43,161
Deferred tax assets	9,253	9,838
	1,359,015	1,214,121
Current assets		
Inventories	269	231
Receivables	293,028	341,097
Reinsurance assets	445,208	443,946
Tax recoverable	2,820	5,689
Investment securities	409,252	113,900
Cash and bank balances	532,179	481,714
	1,682,756	1,386,577
Total assets	3,041,771	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	42,054	42,711
Merger deficit	(28,464)	(28,464)
Retained profits	556,550	293,501
	1,581,231	1,318,839
Non-controlling interests	198,868	13,620
Total equity	1,780,099	1,332,459
Non-current liabilities		
Borrowings	4,996	26,848
Derivative financial instrument	4,150	-
Deferred tax liabilities	20,504	21,446
	29,650	48,294
Current liabilities		
Payables	262,477	276,883
Insurance contract liabilities	940,811	897,733
Borrowings	21,852	36,595
Tax payable	6,882	8,734
	1,232,022	1,219,945
Total liabilities	1,261,672	1,268,239
Total equity and liabilities	3,041,771	2,600,698
Net assets per share attributable to owners of the Company (RM)	2.21	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 YEAR ENDED 31 DECEMBER 2015

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

	-----Non-distributable-----				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
Acquisition of non-controlling interests	-	-	-	-	-	-	(2)	(2)
Profit for the year	-	-	-	-	245,420	245,420	(1,767)	243,653
Other comprehensive income for the period, net of income tax	-	-	(5,126)	-	-	(5,126)	-	(5,126)
Total comprehensive income for the year	-	-	(5,126)	-	245,420	240,294	(1,767)	238,527
At 31 December 2014	715,000	296,091	42,711	(28,464)	293,501	1,318,839	13,620	1,332,459
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 year	-	-	-	-	63,365	63,365	22,142	85,507
Other comprehensive income for the period, net of income tax	-	-	(657)	-	-	(657)	(984)	(1,641)
Total comprehensive income for the year	-	-	(657)	-	63,365	62,708	21,158	83,866
Arising from increase in equity interests in subsidiaries	-	-	-	-	15,474	15,474	(15,474)	-
Arising from part disposal of equity interest in a subsidiary	-	-	-	-	184,210	184,210	179,564	363,774
At 31 December 2015	715,000	296,091	42,054	(28,464)	556,550	1,581,231	198,868	1,780,099

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 YEAR ENDED 31 DECEMBER 2015

	12 months ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	106,184	277,486
Adjustments for:		
Depreciation of property, plant and equipment	5,963	6,005
Depreciation of investment properties	1,771	1,770
Interest expense	2,441	4,137
Amortisation of premiums	5	7
Amortisation of intangible assets	816	616
Bad debts written off	195	649
Property, plant and equipment written off	3	4
Allowance for impairment of receivables	5,420	6,311
Write back of allowance for impairment for loans and advances	(10,153)	(23)
Share of results of an associate	24	11
Gain on disposal of property, plant and equipment	(4)	(56)
Gain on disposal of investment properties	(2,497)	(437)
Gain on disposal of asset held for sale	-	(195,862)
Realised gain from AFS financial assets	(2,697)	(5,394)
Realised (gain)/loss from financial assets at FVTPL	(2,347)	113
Reversal of impairment on investment properties	(13,187)	-
Interest income	(39,518)	(33,012)
Dividend income from quoted shares and unit trusts	(3,756)	(4,038)
(Gain)/loss arising from fair value change in financial assets at FVTPL	(443)	218
Operating cash flows before working capital changes	<u>48,220</u>	<u>58,505</u>
Changes in working capital:		
Inventories	(38)	(32)
Receivables	(22,472)	(112,534)
Reinsurance assets	(1,262)	(32,418)
Insurance contract liabilities	43,078	81,529
Payables	(16,493)	(34,977)
Cash flows generated from/(used in) operations	<u>51,033</u>	<u>(39,927)</u>
Income tax paid	(19,646)	(23,791)
Net cash flows generated from/(used in) operating activities	<u>31,387</u>	<u>(63,718)</u>
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6	280
Proceeds from disposal of investment properties	7,049	1,209
Proceeds from disposal of asset held for sale	-	226,057
Proceeds from disposal of investment securities	315,012	238,075
Redemption of fixed income securities	10,391	13,523
Purchase of intangible assets	(1,717)	(893)
Purchase of property, plant and equipment	(3,272)	(3,175)
Purchase of investment properties	(5,250)	(7,152)
Purchase of investment securities	(686,592)	(230,293)
Acquisition of non-controlling interests	-	(2)
Net cash flow arising from part disposal of equity interest in a subsidiary	374,845	-
Proceeds from a derivative financial instrument	4,150	-
Net dividend received from quoted shares and unit trusts	3,756	4,038
Interest received	39,518	25,868
Interest paid	(2,223)	(3,597)
Net cash flows generated from investing activities	<u>55,673</u>	<u>263,938</u>
FINANCING ACTIVITIES		
Net repayment of borrowings	(36,595)	(29,928)
Net movement in fixed deposits with licensed bank	(10)	(9)
Net cash flows used in financing activities	<u>(36,605)</u>	<u>(29,937)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,455	170,283
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>481,418</u>	<u>311,135</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>531,873</u>	<u>481,418</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	532,179	481,714
Fixed deposits with licensed bank with maturity period of more than 3 months	(306)	(296)
	<u>531,873</u>	<u>481,418</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 condensed consolidated 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 condensed consolidated 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
Amendments to MFR 119 : Defined Benefits Plan : Employee Contributions	1 January 2015

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

2.2 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 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
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 116 Clarification of Acceptable Methods of and MFRS 138 Depreciation and Amortisation	1 January 2016
Amendments to MFRS116 And MFRS 141 Agriculture : 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 2018
MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board 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		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Segmental Revenue				
Insurance	72,616	90,564	339,340	330,957
Credit	398	292	2,156	1,820
Investments	14,411	9,836	39,280	37,301
Total	87,425	100,692	380,776	370,078
Segmental Results				
Insurance	15,004	21,627	77,146	70,910
Credit	5,243	(11,529)	10,350	1,488
Investments	25,143	27,227	18,688	205,088
	45,390	37,325	106,184	277,486
Income tax expense	(5,243)	(17,424)	(20,677)	(33,833)
Profit for the period	40,147	19,901	85,507	243,653

A4 Segmental Information (cont'd)

Assets and Liabilities as at 31 December 2015

	Assets RM'000	Liabilities RM'000
Insurance	1,601,888	1,136,938
Credit	508,135	6,716
Investments	931,748	118,018
Total	3,041,771	1,261,672

A5 Accounting Estimates

There were no changes in estimates that have had any material effect on the quarter and year ended 31 December 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 and year ended 31 December 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	Total RM'000
As at 31 December 2015				
Assets				
Receivables	293,028	-	-	293,028
Investment securities	-	409,252	396,964	806,216
Cash and bank balances	532,179	-	-	532,179
	825,207	409,252	396,964	1,631,423

	Other liabilities RM'000	FVTPL financial liability RM'000	Total RM'000
As at 31 December 2015			
Liabilities			
Payables	262,477	-	262,477
Borrowings	26,848	-	26,848
Derivative financial instrument	-	4,150	4,150
	289,325	4,150	293,475

A8 Financial Instruments (cont'd)
(ii) Fair Values
(a) 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	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000
31 December 2015					
Assets					
Non-current	AFS financial assets	120,680	275,283	-	395,963
Current	FVTPL financial assets	409,252	-	-	409,252
		<u>529,932</u>	<u>275,283</u>	<u>-</u>	<u>805,215</u>
Liabilities					
Non-current	FVTPL financial liability	-	-	4,150	4,150

(b) Financial instruments that are not carried at fair value

Financial instruments classified as loans and receivables and financial liabilities are carried at amortised cost.

A9 Related Party Disclosures

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Affiliated companies				
Gross insurance premium receivables	878	1,402	2,222	2,949
Management fees receivable	265	413	863	882
Insurance commission payable	(17)	(334)	(214)	(556)
Claim paid	(394)	(131)	(842)	(546)
Professional fees paid	(111)	(142)	(663)	(596)
Office rental paid	-	-	-	(23)
IT management fees payable	(19)	(18)	(76)	(71)

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 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 22 February 2016, 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 was no material event subsequent to the end of the year ended 31 December 2015.

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
	31.12.2015
	RM'000
Approved and contracted for :-	
Property, plant and equipment	<u>2,317</u>

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter and year ended 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 and year ended 31 December 2015 but not recognised as liabilities are as follows:

	As at 31.12.2015 RM'000
Not later than 1 year	1,321
Later than 1 year and not later than 5 years	672
Total future minimum lease payments	1,993

(ii) The Group as lessor

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

	As at 31.12.2015 RM'000
Not later than 1 year	304
Later than 1 year and not later than 5 years	349
Total future minimum lease receivables	653

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 2015.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

4Q 2015 vs 4Q 2014

Profit before tax ("PBT") for the quarter ended 31 December 2015 ("4Q 2015") was RM45.39 million, an increase of 21.59%, from the PBT of RM37.33 million recorded in 4Q 2014 the increase was due to net gain in the fair value of FVTPL financial assets and reduced expenses incurred in the current quarter.

Insurance

Revenue decline by 19.81% from RM90.56 million achieved in 4Q 2014 to RM72.62 million in 4Q 2015.

In tandem with the drop in revenue, a lower PBT of RM15.00 million was reported in the current quarter compared with the PBT of RM21.63 million achieved in 4Q 2014. The drop was mainly due to lower underwriting profit and investment income recorded in the current quarter.

Credit

The Credit Division posted PBT of RM5.24 million in 4Q 2015. This was significantly higher compared to the loss of RM11.53 million in 4Q 2014. Net gain in the fair value of financial assets and higher interest income had contributed to the favourable results.

Investments

The Investments Division recorded a PBT of RM25.14 million in 4Q 2015, a slight drop compared to PBT of RM27.23 million recorded in 4Q 2014 due to higher operating expenses and lower interest income in 4Q 2015.

FY 2015 vs FY 2014

The Group recorded PBT of RM106.18 million in FY 2015, a decreased of 61.74% from PBT of RM277.49 million in FY 2014. This was due to the exceptional gain on disposal of investment properties in FY 2014. In FY 2015, the Insurance and Credit Divisions reported improved underwriting profit and investment income respectively.

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

4Q 2015 vs 3Q 2015

The PBT of the current period was significantly higher at RM45.39 million compared to PBT of RM19.91 million in 3Q 2015. The favourable outcome of the court case disclosed in Note B 10(i) resulted in the write back of allowance for impairment for loans and advances and net gain in the fair value of the FVTPL financial assets contributed to the improved results.

B3 Prospects

Uncertainty in the global economic environment, market volatility, weakening commodity prices and Malaysian Ringgit will have an adverse impact on the domestic economy.

Malaysian economic growth is expected to be 4.0% to 4.5% in 2016 mainly sustained by domestic demand. However, private consumption will be moderate as it has to adjust to higher cost of living and rate of inflation.

Insurance

Insurance Division aims to be a strong and efficient general insurer with the entrance of Assicurazioni Generali S.p.A. as its strategic partner.

Credit and Investments

Credit Division continue to seek opportunities to finance niche clientele to grow its credit business.

The Investments Division focuses on unlocking the optimum value of land via joint ventures with reputable and reliable partners with minimum risk exposure to the Group or outright disposal at the right price and time.

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Income tax	4,587	16,908	20,663	32,117
Deferred tax	656	516	14	1,716
Total income tax expense	<u>5,243</u>	<u>17,424</u>	<u>20,677</u>	<u>33,833</u>

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 current quarter was lower than the statutory tax rate of 25% 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		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment of receivables	627	918	5,420	6,311
Amortisation of intangible assets	240	172	816	616
Amortisation of premiums	1	2	5	7
Bad debts written off	142	114	195	649
Depreciation of property, plant and equipment	1,553	1,483	5,963	6,005
Depreciation of investment properties	444	442	1,771	1,770
Dividend income on quoted shares and unit trusts	(1,246)	(1,786)	(3,756)	(4,038)
Fund management charges	269	2	898	741
Gain on disposal of property, plant and equipment	-	(40)	(4)	(56)
Gain on disposal of investment properties	(472)	195,425	(2,497)	(437)
(Gain)/loss arising from fair value change in financial assets at FVTPL	(633)	10,878	(443)	218
Interest expense	443	935	2,441	4,137
Interest income	(8,844)	(5,875)	(39,518)	(33,012)
Property, plant and equipment written off	2	2	3	4
Rent of land and buildings	968	865	3,732	3,606
Realised gain from AFS financial assets	(67)	(1,059)	(2,697)	(5,394)
Realised (gain)/loss from financial assets at FVTPL	(2,313)	44	(2,347)	113
Share of results of an associate	13	(44)	24	11
Write back of allowance for impairment for loans and advances	(10,153)	(23)	(10,153)	(23)
Reversal of impairment on investment properties	(13,187)	-	(13,187)	-
Gain on disposal of asset held for sale	-	-	-	195,862

B7 Retained profits

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits		
- realised	655,893	423,815
- unrealised	(11,251)	(11,608)
Total share of retained profits from an associate		
- realised	515	439
Less: consolidation adjustments	(88,607)	(119,145)
Retained profits as per Statements of Changes in Equity	556,550	293,501

B8 Corporate Proposals

Non-Compliance (Property)

Pursuant to the listing of the Company, the Group has undertaken to rectify the following non-compliances by 31 December 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.

B9 Borrowings

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

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Non-Current		
Term loan	4,996	23,848
Revolving Credit	-	3,000
	<u>4,996</u>	<u>26,848</u>
Current		
Term loan	18,852	33,595
Revolving Credit	3,000	3,000
	<u>21,852</u>	<u>36,595</u>
Total	<u>26,848</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"). On 17 November 2015, the Federal Court unanimously dismissed the Leave Application with costs of RM20,000.

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.

B10 Material Litigation (cont'd)

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 11 April 2016.

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 ("Appeals").

KMD's Appeals, which were heard on 8 December 2015, were dismissed by the Court of Appeal with costs of RM25,000 to be paid by KMD to each of the Defendants. On 5 January 2016, KMD filed its Applications for Leave to appeal the decision made by Court of Appeal to the Federal Court ("KMD's Leave Applications"). The hearing date for KMD's Leave Applications is not fixed to-date.

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/year attributable to owners of the Company by the number of ordinary shares in issue during the period and year ended 31 December 2015.

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Profit attributable to owners of the Company (RM'000)	<u>28,967</u>	<u>20,214</u>	<u>63,365</u>	<u>245,420</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>4.05</u>	<u>2.83</u>	<u>8.86</u>	<u>34.32</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
22 February 2016