



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Revenue	101,382	90,043
Cost of sales	<u>(69,830)</u>	<u>(54,740)</u>
Gross profit	31,552	35,303
Other income	18,242	16,066
Administrative expenses	(17,079)	(14,243)
Other expenses	<u>(15,533)</u>	<u>(15,799)</u>
Operating profit	17,182	21,327
Finance costs	(290)	(779)
Share of results of an associate	<u>(5)</u>	<u>(9)</u>
Profit before tax	16,887	20,539
Income tax expense	<u>(3,497)</u>	<u>(4,762)</u>
Profit for the period	<u>13,390</u>	<u>15,777</u>
Profit attributable to:		
Owners of the Company	7,537	16,017
Non-controlling interests	<u>5,853</u>	<u>(240)</u>
	<u>13,390</u>	<u>15,777</u>
Earnings per share attributable to		
owners of the Company (sen per share):		
Basic, for profit for the period	<u>1.05</u>	<u>2.24</u>
Profit for the period	13,390	15,777
Items that are or may be reclassified subsequently to profit or loss:		
Net gain arising during the period	811	231
Net realised gain/(loss) transferred to profit or loss	<u>144</u>	<u>(1,859)</u>
	955	(1,628)
Tax effects	<u>(128)</u>	<u>500</u>
Total other comprehensive gain/(loss) for the period	<u>827</u>	<u>(1,128)</u>
Total comprehensive income for the period	<u>14,217</u>	<u>14,649</u>
Total comprehensive income attributable to:		
Owners of the Company	7,959	14,889
Non-controlling interests	<u>6,258</u>	<u>(240)</u>
	<u>14,217</u>	<u>14,649</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 2015 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	As at	As at
	31.03.2016	31.12.2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,710	81,570
Investment properties	831,683	832,125
Investment in an associate	510	515
Investment securities	400,579	396,964
Intangible assets	35,118	34,859
Deferred tax assets	1,523	1,561
	<u>1,350,123</u>	<u>1,347,594</u>
Current assets		
Inventories	225	269
Receivables	343,286	289,783
Reinsurance assets	416,093	434,278
Tax recoverable	2,531	720
Investment securities	401,249	409,252
Cash and bank balances	489,643	532,180
	<u>1,653,027</u>	<u>1,666,482</u>
Total assets	<u>3,003,150</u>	<u>3,014,076</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	42,526	42,104
Merger deficit	(28,464)	(28,464)
Retained profits	565,281	557,744
	<u>1,590,434</u>	<u>1,582,475</u>
Non-controlling interests	205,024	198,766
Total equity	<u>1,795,458</u>	<u>1,781,241</u>
Non-current liabilities		
Borrowings	4,997	4,997
Derivative financial instruments	4,150	4,150
Deferred tax liabilities	11,752	11,625
	<u>20,899</u>	<u>20,772</u>
Current liabilities		
Payables	237,318	253,224
Insurance contract liabilities	930,157	929,881
Borrowings	13,453	21,851
Tax payable	5,865	7,107
	<u>1,186,793</u>	<u>1,212,063</u>
Total liabilities	<u>1,207,692</u>	<u>1,232,835</u>
Total equity and liabilities	<u>3,003,150</u>	<u>3,014,076</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.22</u>	<u>2.21</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 2015 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2016

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 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
At 1 January 2016	715,000	296,091	42,104	(28,464)	557,744	1,582,475	198,766	1,781,241
Profit for the period	-	-	-	-	7,537	7,537	5,853	13,390
Other comprehensive income for the period, net of income tax	-	-	422	-	-	422	405	827
Total comprehensive income for the period	-	-	422	-	7,537	7,959	6,258	14,217
At 31 March 2016	715,000	296,091	42,526	(28,464)	565,281	1,590,434	205,024	1,795,458

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 2015 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2016**

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	16,887	20,539
Adjustments for:		
Depreciation of property, plant and equipment	1,492	1,452
Depreciation of investment properties	442	443
Interest expense	290	779
Amortisation of premiums	35	-
Amortisation of intangible assets	255	173
Bad debts written off	17	-
Property, plant and equipment written off	-	1
Allowance for impairment of receivables	2,322	1,553
Share of results of an associate	5	9
Gain on disposal of property, plant and equipment	-	(4)
Gain on disposal of investment properties	-	(1,063)
Realised gain on:		
- AFS financial assets	(288)	(1,858)
- Financial assets at FVTPL	(1,149)	(15)
Interest income	(13,312)	(9,492)
Dividend income on quoted shares and unit trusts	(477)	(680)
Gain arising from fair value change in financial assets at FVTPL	(656)	(813)
Operating cash flows before working capital changes	5,863	11,024
Changes in working capital:		
Inventories	44	(27)
Receivables	(55,842)	639
Reinsurance assets	18,185	52,282
Insurance contract liabilities	276	(41,459)
Payables	(16,034)	(32,986)
Cash flows used in operations	(47,508)	(10,527)
Income tax refund/(paid)	(6,513)	787
Net cash flows used in operating activities	(54,021)	(9,740)
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	-	4
- investment properties	-	3,249
- investment securities	162,013	37,023
Redemption of fixed income securities	-	8,891
Purchase of :		
- intangible assets	(514)	(39)
- property, plant and equipment	(632)	(168)
- investment securities	(154,612)	(33,942)
Net dividend received from quoted shares and unit trusts	477	680
Interest received	13,312	9,272
Interest paid	(162)	(332)
Net cash flows generated from investing activities	19,882	24,638
FINANCING ACTIVITIES		
Net repayment of borrowings	(8,398)	(8,398)
Net movement in fixed deposits with licensed bank	(11)	(10)
Net cash flows used in financing activities	(8,409)	(8,408)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(42,548)	6,490
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	531,874	481,418
CASH AND CASH EQUIVALENTS AT END OF PERIOD	489,326	487,908
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	489,643	488,214
Fixed deposits with licensed bank with maturity period of more than 3 months	(317)	(306)
	489,326	487,908

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 2015 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 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 2015. 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 2015.

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 2015, except for the following:

A2.1 Standards, Amendments and Annual Improvements to Standard effective for the financial periods beginning on or after 1 January 2016

Description	Effective for periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: – Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11 Joint Arrangements- Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127- Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101 - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 : Regulatory Deferral Accounts	1 January 2016
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
Amendments to MFRS 10 and MFRS 128 : Sale of contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial adoption of the above standards when they become effective are expected to have no material impact to the financial statements other than the following:

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The standard introduces new requirements for classification and measurements of financial assets and liabilities, impairment of financial assets and hedge accounting.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 Revenue from Contracts with Customers (cont'd)

MFRS 15 is effective for annual periods beginning on or after 1 January 2018 with either a full or modified retrospective application and early adoption is permitted.

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	
	31.03.2016	31.03.2015
	RM'000	RM'000
Segmental Revenue		
Insurance	91,805	81,870
Credit	1,216	284
Investments	8,361	7,889
Total	101,382	90,043
Segmental Results		
Insurance	14,778	22,251
Credit	4,449	1,113
Investments	(2,340)	(2,825)
	16,887	20,539
Income tax expense	(3,497)	(4,762)
Profit for the period	13,390	15,777

Assets and Liabilities as at 31 March 2016

	Assets	Liabilities
	RM'000	RM'000
Insurance	1,591,365	1,113,789
Credit	512,409	6,513
Investments	899,376	87,390
Total	3,003,150	1,207,692

A5 Accounting Estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2016.

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 2016.

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 2016					
Assets					
Property, plant and equipment	-	-	-	80,710	80,710
Investment properties	-	-	-	831,683	831,683
Investment in an associate	-	-	-	510	510
Intangible assets	-	-	-	35,118	35,118
Deferred tax assets	-	-	-	1,523	1,523
Inventories	-	-	-	225	225
Receivables	343,286	-	-	-	343,286
Reinsurance assets	-	-	-	416,093	416,093
Investment securities	-	401,249	400,579	-	801,828
Tax recoverable	-	-	-	2,531	2,531
Cash and bank balances	489,643	-	-	-	489,643
	832,929	401,249	400,579	1,368,393	3,003,150

	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 2016					
Liabilities					
Payables	237,318	-	-	-	237,318
Insurance contract liabilities	-	-	-	930,157	930,157
Derivative financial instruments	-	4,150	-	-	4,150
Borrowings	18,450	-	-	-	18,450
Tax payable	-	-	-	5,865	5,865
Deferred tax liabilities	-	-	-	11,752	11,752
	255,768	4,150	-	947,774	1,207,692

(ii) Fair Values

The table below analyses those financial instruments carried at fair value by their valuation methods and non-financial assets which are carried at cost in the statements of financial position, of which their fair value are disclosed. The different levels have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value observable, either directly or indirectly.

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

As at 31 March 2016, the Group held the following financial instruments carried at fair value.

		Level 1	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000
31 March 2016					
Non-current	AFS financial assets	118,855	280,724	-	400,579
Current	FVTPL financial assets	401,249	-	-	401,249
		502,104	280,724	-	801,828

A9 Related Party Disclosures

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Affiliated companies		
Gross insurance premium receivables	597	736
Management fee receivable	239	-
Insurance commission payable	(82)	(97)
Claims paid	(271)	(145)
Professional fees paid	(226)	(240)
IT management fee payable	(19)	(18)

The above transactions are entered into in the normal course of business 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 26 May 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 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 31.03.2016 RM'000
Approved and contracted for :-	
Property, plant and equipment	<u>1,745</u>

A13 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 March 2016.

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 2016 but not recognised as liabilities are as follows:

	As at 31.03.2016 RM'000
Not later than 1 year	2,940
Later than 1 year and not later than 5 years	<u>3,277</u>
Total future minimum lease payments	<u>6,217</u>

(ii) The Group as lessor

The future aggregate minimum lease payments receivable under operating leases contracted for the quarter ended 31 March 2016 but not recognised as receivables are as follows:

	As at 31.03.2016 RM'000
Not later than 1 year	402
Later than 1 year and not later than 5 years	<u>303</u>
Total future minimum lease receivables	<u>705</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 31 March 2016.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

1Q 2016 vs 1Q 2015

The Group recorded a profit before tax ("PBT") of RM16.89 million in 1Q 2016, a drop of 17.8% from PBT of RM20.54 million reported in 1Q 2015. This was mainly due to reduced profit generated by the Insurance Division during the current quarter.

Insurance

In 1Q 2016, the PBT of the Insurance Division at RM14.78 million was RM7.47 million lower than the pre-tax profit of RM22.25 million achieved in 1Q 2015 due to decrease in underwriting profit, higher provision for bad and doubtful debts as well as lower investment income.

Credit

The Credit Division posted a PBT of RM4.45 million in the current quarter, an increase of RM3.34 million compared to PBT of RM1.11 million achieved in 1Q 2015 due to increase in interest income earned in the 1Q2016.

Investments

The Investments Division incurred a loss before tax of RM2.34 million in 1Q 2016 which was a slight improvement of RM0.49 million compared to the loss before tax of RM2.83 million reported in 1Q 2015 due to lower operating expenses.

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

1Q 2016 vs 4Q 2015

Profit before tax of the Group at RM16.89 million registered in the current quarter was RM28.50 million lower than the pre-tax profit of RM45.39 million achieved in 4Q 2015. In 4Q 2015, the profit was higher due to the favourable outcome of a court case in relation to land acquisition which resulted in reversal of allowance for impairment for loans and advances.

B3 Prospects

Malaysian economic growth is forecasted to be in the range of 4.0% to 4.50% for 2016 mainly sustained by domestic demand in the midst of global economic uncertainties, higher rate of inflation and ringgit depreciation.

Insurance

Insurance Division intends to increase its market share in the general insurance business with its strategic partner, Generali Asia N.V.

Credit and Investments

The Credit Division will be on the look out for opportunities to finance selected clientele to expand its credit business.

Investments Division will continue to focus on unlocking the value of land bank either through joint ventures with reputable, established and reliable partners with minimum risk exposure to the Group or outright disposal at the right price to potential buyers to achieve optimum returns.

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	
	31.03.2016	31.03.2015
	RM'000	RM'000
Income tax	3,460	5,403
Deferred tax	37	(641)
Total income tax expense	<u>3,497</u>	<u>4,762</u>

Income tax is calculated at the reduction of Malaysian statutory rate of 24% (2015:25%) 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.

B6 Profit before tax

Included in the profit before tax are the following items:

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Allowance for impairment of receivables	2,322	1,553
Amortisation of intangible assets	255	173
Amortisation of premiums	35	-
Trade receivables written off	17	-
Depreciation of property, plant and equipment	1,492	1,452
Depreciation of investment properties	442	443
Dividend income on quoted shares and unit trusts	(477)	(680)
Fund management charges	217	171
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	(656)	(813)
Interest expense	290	779
Interest income	(13,312)	(9,492)
Property, plant and equipment written off	-	1
Rent of land and buildings	973	882
Realised gain on AFS financial assets	(288)	(1,858)
Realised gain on financial assets at FVTPL	(1,149)	(15)
Share of results of an associate	5	9

B7 Retained profits

	As at	As at
	31.03.2016	31.12.2015
	RM'000	RM'000
Total retained profits		
- realised	664,406	657,187
- unrealised	(10,229)	(11,251)
Total share of retained profits from an associate		
- realised	(5)	415
Less: Consolidation adjustments	(88,891)	(88,607)
Retained profits as per Statements of Changes in Equity	<u>565,281</u>	<u>557,744</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 2016 (extended from 31 December 2015). 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 March 2016 are as follows:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Non-Current		
Term loan	4,997	4,997
	<u>4,997</u>	<u>4,997</u>
Current		
Term loan	10,453	18,851
Revolving Credit	3,000	3,000
	<u>13,453</u>	<u>21,851</u>
Total	<u>18,450</u>	<u>26,848</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B10 Material Litigation

i) 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 particularised 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 RM25,000.00 to be paid by KMD to each 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”).

As pending the Grounds of Judgement of the Court of Appeal, KMD’s Leave Applications is fixed for case management on 27 June 2016.

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

On 18 November 2013, Mulpha Kluang Maritime Carriers Sdn Bhd (“Mulpha”), a subsidiary, 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 two (2) conditional sale and purchase agreements (“SPAs”), both dated 12 October 2009, for the acquisition of two pieces of land in Kuala Lumpur (“the Land”). 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 Land 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 26 July 2016.

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 2015 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 number of ordinary shares in issue during the quarter.

	3 months ended	
	31.03.2016	31.03.2015
Profit attributable to owners of the Company (RM'000)	<u>7,537</u>	<u>16,017</u>
Weighted average number of ordinary shares in issue ('000)	<u>715,000</u>	<u>715,000</u>
Earnings Per Share (Sen per share)	<u>1.05</u>	<u>2.24</u>

**By Order Of The Board
Ng Sook Yee
Company Secretary
26 May 2016**