



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

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Audited	Unaudited	Audited
Revenue	126,228	132,865	482,272	456,488
Cost of sales	(65,322)	(53,974)	(287,919)	(247,565)
Gross profit	60,906	78,891	194,353	208,923
Other income	44,181	31,019	129,200	120,647
Administrative expenses	(14,933)	(17,114)	(61,531)	(68,628)
Other expenses	(46,766)	(43,382)	(153,155)	(152,923)
<b>Operating profit</b>	<b>43,388</b>	<b>49,414</b>	<b>108,867</b>	<b>108,019</b>
Finance costs	(387)	(117)	(887)	(805)
Share of results of an associate	-	4	-	(2)
<b>Profit before tax</b>	<b>43,001</b>	<b>49,301</b>	<b>107,980</b>	<b>107,212</b>
Income tax expense	(2,003)	(6,263)	(13,638)	(19,832)
<b>Profit for the period/year</b>	<b>40,998</b>	<b>43,038</b>	<b>94,342</b>	<b>87,380</b>
<b>Profit attributable to:</b>				
Owners of the Company	40,686	31,653	75,495	55,174
Non-controlling interests	312	11,385	18,847	32,206
	<b>40,998</b>	<b>43,038</b>	<b>94,342</b>	<b>87,380</b>
<b>Earnings per share attributable to owners of the Company (sen per share):</b>	<b>5.69</b>	<b>4.43</b>	<b>10.56</b>	<b>7.72</b>
<b>Profit for the period/year</b>	<b>40,998</b>	<b>43,038</b>	<b>94,342</b>	<b>87,380</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Net gain arising during the period/year	5,858	673	19,682	866
Net realised (gain)/loss transferred to profit or loss	1,526	(7,603)	(7,615)	(9,677)
	7,384	(6,930)	12,067	(8,811)
Tax effects	(1,414)	829	(3,263)	1,688
Total other comprehensive gain/(loss) for the period/year	5,970	(6,101)	8,804	(7,123)
<b>Total comprehensive income for the period/year</b>	<b>46,968</b>	<b>36,937</b>	<b>103,146</b>	<b>80,257</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	43,729	28,540	79,985	51,540
Non-controlling interests	3,239	8,397	23,161	28,717
	<b>46,968</b>	<b>36,937</b>	<b>103,146</b>	<b>80,257</b>

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 2016 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<b>As at</b>	<b>As at</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	75,296	78,353
Investment properties	822,971	820,512
Investment securities	441,556	388,851
Intangible assets	36,549	35,057
Deferred tax assets	1,636	3,185
	<u>1,378,008</u>	<u>1,325,958</u>
<b>Current assets</b>		
Inventories	231	243
Receivables	392,392	291,345
Reinsurance assets	366,308	381,056
Tax recoverable	19,080	1,566
Investment securities	328,977	403,201
Cash and bank balances	677,403	616,577
	<u>1,784,391</u>	<u>1,693,988</u>
<b>Total assets</b>	<b><u>3,162,399</u></b>	<b><u>3,019,946</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	1,011,091	715,000
Share premium	-	296,091
Other reserves	(1,928)	38,470
Merger deficit	(28,464)	(28,464)
Retained profits	698,548	623,060
	<u>1,679,247</u>	<u>1,644,157</u>
Non-controlling interests	250,597	227,459
<b>Total equity</b>	<b><u>1,929,844</u></b>	<b><u>1,871,616</u></b>
<b>Non-current liabilities</b>		
Borrowings	16,000	-
Derivative liability	44,890	-
Deferred tax liabilities	11,677	11,016
	<u>72,567</u>	<u>11,016</u>
<b>Current liabilities</b>		
Payables	204,893	208,017
Insurance contract liabilities	936,809	916,361
Borrowings	15,000	4,997
Tax payable	3,286	7,939
	<u>1,159,988</u>	<u>1,137,314</u>
<b>Total liabilities</b>	<b><u>1,232,555</u></b>	<b><u>1,148,330</u></b>
<b>Total equity and liabilities</b>	<b><u>3,162,399</u></b>	<b><u>3,019,946</u></b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b><u>2.35</u></b>	<b><u>2.30</u></b>

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 2016 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

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		
<b>At 1 January 2016 (restated)</b>	715,000	296,091	42,104	(28,464)	567,877	1,592,608	198,766	1,791,374
Profit for the year	-	-	-	-	55,174	55,174	32,206	87,380
Other comprehensive loss for the year, net of income tax	-	-	(3,634)	-	-	(3,634)	(3,489)	(7,123)
Total comprehensive (loss)/income for the year	-	-	(3,634)	-	55,174	51,540	28,717	80,257
Arising from increase in equity interest in a subsidiary	-	-	-	-	9	9	(24)	(15)
<b>At 31 December 2016</b>	<b>715,000</b>	<b>296,091</b>	<b>38,470</b>	<b>(28,464)</b>	<b>623,060</b>	<b>1,644,157</b>	<b>227,459</b>	<b>1,871,616</b>
<b>At 1 January 2017</b>	715,000	296,091	38,470	(28,464)	623,060	1,644,157	227,459	1,871,616
Adjustments for effects of Companies Act 2016 (Note a)	296,091	(296,091)	-	-	-	-	-	-
Profit for the year	-	-	-	-	75,495	75,495	18,847	94,342
Other comprehensive income for the year, net of income tax	-	-	4,492	-	-	4,492	4,312	8,804
Total comprehensive income for the year	-	-	4,492	-	75,495	79,987	23,159	103,146
Arising from present value of derivative liability	-	-	(44,890)	-	-	(44,890)	-	(44,890)
Arising from increase in equity interest in a subsidiary	-	-	-	-	(7)	(7)	(21)	(28)
<b>At 31 December 2017</b>	<b>1,011,091</b>	<b>-</b>	<b>(1,928)</b>	<b>(28,464)</b>	<b>698,548</b>	<b>1,679,247</b>	<b>250,597</b>	<b>1,929,844</b>

**Note a**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credits standing in the share premium account of RM296,091,000 have been transferred to the share capital account.

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 2016 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	12 months ended	
	31.12.2017	31.12.2016
	RM'000	RM'000
	Unaudited	Unaudited
<b>OPERATING ACTIVITIES</b>		
Profit before tax	107,980	107,212
Adjustments for:		
Amortisation of premiums	83	148
Amortisation of intangible assets	1,132	1,092
Allowance for impairment of insurance receivables	959	1,802
Reversal of allowance for impairment of loan and advances	(51)	(701)
Allowance for impairment of receivables	-	100
Bad debts written off	1,780	784
Property, plant and equipment written off	6	1
Depreciation of property, plant and equipment	6,048	6,005
Depreciation of investment properties	1,868	1,757
Dividend income on quoted shares and unit trusts	(1,683)	(4,195)
Interest expense	887	805
Interest income	(63,156)	(48,417)
Impairment loss on AFS financial assets	17,941	2,708
Gain on disposal of property, plant and equipment	(134)	(79)
Loss arising from fair value change in financial assets at FVTPL	2,815	1,624
Gain on disposal of investment properties	(16,458)	(369)
Realised gain on:		
- AFS financial assets	(9,450)	(9,677)
- Financial assets at FVTPL	(7,865)	(4,876)
Share of results of an associate	-	2
<b>Operating cash flows before working capital changes</b>	<b>42,702</b>	<b>55,726</b>
Changes in working capital:		
Inventories	12	27
Receivables	(81,328)	(2,025)
Reinsurance assets	14,748	53,222
Insurance contract liabilities	20,448	(13,520)
Payables	(3,240)	(26,027)
<b>Cash flows (used in)/generated from operations</b>	<b>(6,658)</b>	<b>67,403</b>
Income tax paid	(36,858)	(20,391)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(43,516)</b>	<b>47,012</b>
<b>INVESTING ACTIVITIES</b>		
Capital repayment arising from an associate	-	100
Proceeds from disposal of :		
- property, plant and equipment	259	81
- investment properties	-	1,141
- investment securities	242,090	487,623
Purchase of :		
- additional shares in a subsidiary	(28)	(15)
- intangible assets	(2,624)	(1,290)
- property, plant and equipment	(3,122)	(2,791)
- investment property	(4,327)	-
- investment securities	(212,028)	(476,448)
Net dividend received from quoted shares and unit trusts	1,683	4,608
Interest received	57,207	46,995
Interest paid	(771)	(768)
<b>Net cash flows generated from investing activities</b>	<b>78,339</b>	<b>59,236</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loan	(4,997)	(21,851)
Drawdown of term loan	31,000	-
Net movement in fixed deposits with licensed bank	41,950	(54,510)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>67,953</b>	<b>(76,361)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>102,776</b>	<b>29,887</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>125,918</b>	<b>96,031</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>228,694</b>	<b>125,918</b>
<b>Cash and cash equivalents consist of :</b>		
Deposits, cash and bank balances	677,403	616,577
Fixed deposits with licensed bank with maturity period of more than 3 months	(448,709)	(490,659)
	<b>228,694</b>	<b>125,918</b>

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 2016 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”) and the requirements of the Companies Act 2016 in Malaysia, where applicable.

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 2016. 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 2016.

### **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 2016, except for the following:

#### **A2.1 Standards, Amendments and Annual Improvements to Standards effective for the financial years beginning on or after 1 January 2017**

<b>Description</b>	<b>Effective for years beginning on or after</b>
MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112 Income Taxes)	1 January 2017
MFRS 12 Disclosure of Interests in Other Entities - Amendments to MFRS 12 (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)	1 January 2017
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Amendments to MFRS 1 (Annual Improvement to MFRS 2014 - 2016 Cycle)	1 January 2018
MFRS 2 Share-based Payment - Classification and Measurement of Share Based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 128 Investments in Associates and Joint Ventures - Amendments to MFRS 128 (Annual Improvements to MFRS Standards 2014–2016 Cycle)	1 January 2018
MFRS 140 Investment Property - Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts – Amendments to MFRS 4	1 January 2018
MFRS 3 Business Combinations - Amendments to MFRS 3 (Annual Improvements to MFRS Standards 2015–2017 Cycle)	1 January 2019
MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 11 Joint Arrangements - Amendments to MFRS 11 (Annual Improvements to MFRS Standards 2015–2017 Cycle)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 112 Income Taxes - Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015–2017 Cycle)	1 January 2019
MFRS 123 Borrowing Costs - Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015–2017 Cycle)	1 January 2019
MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019

## A2 Significant Accounting Policies (cont'd.)

### A2.1 Standards, Amendments and Annual Improvements to Standards effective for the financial years beginning on or after 1 January 2017 (cont'd.)

Description	Effective for years beginning on or after
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2020
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - <i>Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 15 Revenue from Contracts with Customers**

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

Under this Standard, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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.

#### **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 16 Leases**

MFRS 16 Leases supersedes MFRS 117. MFRS 16 introduces a single accounting model for lessee accounting where leases will no longer be classified between finance and operating leases. All material leases will be recorded in the balance sheet as assets and liabilities. Lessor accounting however, will continue to be classified as finance and operating leases separately.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, where early adoption is permitted provided MFRS 15 is applied concurrently.

#### **IC Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

## A2 Significant Accounting Policies (cont'd.)

### A2.1 Standards, Amendments and Annual Improvements to Standards effective for the financial years beginning on or after 1 January 2017 (cont'd.)

#### MFRS 17 Insurance Contracts

MFRS 17 will replace MFRS 4 Insurance Contracts. MFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of MFRS 17 is to provide and an accounting model for insurance contracts that is more useful and consistent for insurers. In contracts to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by;

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-dration contracts.

MFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

## 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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
<b>Segmental Revenue</b>				
Insurance	97,626	101,739	417,881	390,846
Credit	3,050	2,002	10,685	7,743
Investments	25,552	29,124	53,706	57,899
<b>Total</b>	<b>126,228</b>	<b>132,865</b>	<b>482,272</b>	<b>456,488</b>
<b>Segmental Results</b>				
Insurance	608	27,632	47,872	81,680
Credit	4,602	7,187	25,332	21,646
Investments	37,791	14,482	34,776	3,886
	43,001	49,301	107,980	107,212
Income tax expense	(2,003)	(6,263)	(13,638)	(19,832)
<b>Profit for the period/year</b>	<b>40,998</b>	<b>43,038</b>	<b>94,342</b>	<b>87,380</b>

#### Assets and Liabilities as at 31 December 2017

	Assets	Liabilities
	RM'000	RM'000
Insurance	1,688,692	1,119,450
Credit	547,719	48,176
Investments	925,988	64,929
<b>Total</b>	<b>3,162,399</b>	<b>1,232,555</b>

## A5 Accounting Estimates

There were no changes in estimates that have had any material effect during the quarter and year ended 31 December 2017.

**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 current quarter and year ended 31 December 2017.

**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	FVTPL financial assets/ liabilities	AFS financial assets/ liabilities	Assets/ liabilities not in scope of MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 December 2017</b>					
<b>Assets</b>					
Property, plant and equipment	-	-	-	75,296	75,296
Investment properties	-	-	-	822,971	822,971
Intangible assets	-	-	-	36,549	36,549
Deferred tax assets	-	-	-	1,636	1,636
Inventories	-	-	-	231	231
Receivables	392,392	-	-	-	392,392
Reinsurance assets	-	-	-	366,308	366,308
Investment securities	-	328,977	441,556	-	770,533
Tax recoverable	-	-	-	19,080	19,080
Cash and bank balances	677,403	-	-	-	677,403
	<b>1,069,795</b>	<b>328,977</b>	<b>441,556</b>	<b>1,322,071</b>	<b>3,162,399</b>
<b>Liabilities</b>					
Payables	204,893	-	-	-	204,893
Derivative financial instrument	-	44,890	-	-	44,890
Insurance contract liabilities	-	-	-	936,809	936,809
Borrowings	-	-	-	31,000	31,000
Tax payable	-	-	-	3,286	3,286
Deferred tax liabilities	-	-	-	11,677	11,677
	<b>204,893</b>	<b>44,890</b>	<b>-</b>	<b>982,772</b>	<b>1,232,555</b>

**(ii) Fair Values**

The table hereinafter 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 prices (unadjusted) of identical assets in active markets

Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the assets, either directly (prices) or indirectly (derived from prices)

Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs).



**A8 Financial Instruments (cont'd.)****(ii) Fair Values (cont'd.)**

As at 31 December 2017, the Group does not have any financial instruments measured at Level 3.

		<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2017</b>				
Non-current	AFS financial assets	96,021	344,534	440,555
Current	FVTPL financial assets	328,977	-	328,977
		<b>424,998</b>	<b>344,534</b>	<b>769,532</b>

Included in AFS financial assets as of 31 December 2017 were unquoted shares of RM1,001,000 (2016: RM1,001,000) that were carried at cost as their fair value could not be reliably measured. These securities were acquired for long term investment purposes.

**A9 Related Party Disclosures**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Affiliated companies</b>				
Gross insurance premium receivables	225	815	2,470	1,824
Management fee receivable	131	106	642	839
Insurance commission payable	(28)	(120)	(264)	(261)
Claims paid	(76)	(279)	(579)	(945)
Professional fees paid	(8)	(7)	(34)	(483)
IT management fee payable	(43)	(19)	(102)	(78)
Dividend paid	(798)	(379)	(1,782)	(1,288)

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 27 February 2018, 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 interim period**

There was no material event subsequent to the end of the current quarter and year ended 31 December 2017.

## 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 current quarter and year were as follows:

	As at 31 December 2017		
	RM'000		
	Approved and contracted	Approved but not contracted	Total
Computer software and hardware	1,071	-	1,071
Property, plant and equipment	80		80
<b>Total</b>	<b>1,151</b>	<b>-</b>	<b>1,151</b>

## A13 Changes in Composition of the Group

Tune Insurance (Labuan) Ltd, an associate of the Group, was successfully dissolved with effect from 25 May 2017. Multi-Purpose Capital Holdings Berhad had 20% shareholding in Tune Insurance (Labuan) Ltd.

## A14 Operating Lease Arrangements

### (i) The Group as lessee

The future aggregate minimum lease payments payable under operating leases contracted for the year ended 31 December 2017 but not recognised as liabilities are as follows:

	As at 31.12.2017 RM'000
Not later than 1 year	3,293
Later than 1 year and not later than 5 years	1,334
<b>Total future minimum lease payments</b>	<b>4,627</b>

### (ii) The Group as lessor

The future aggregate minimum lease payments receivable under operating leases contracted for the year ended 31 December 2017 but not recognised as receivables are as follows:

	As at 31.12.2017 RM'000
Not later than 1 year	2,130
Later than 1 year and not later than 5 years	629
<b>Total future minimum lease receivables</b>	<b>2,759</b>

## A15 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year ended 31 December 2017.

## B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

### B1 Review of performance of the Group

#### Financial review for current quarter and financial year to date

	3 months ended				12 months ended			
	31.12.2017	31.12.2016	Changes		31.12.2017	31.12.2016	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	126,228	132,865	(6,637)	-5.0%	482,272	456,488	25,784	5.6%
Operating profit	43,388	49,414	(6,026)	-12.2%	108,867	108,019	848	0.8%
Profit before tax	43,001	49,301	(6,300)	-12.8%	107,980	107,212	768	0.7%
Profit after tax	40,998	43,038	(2,040)	-4.7%	94,342	87,380	6,962	8.0%
Profit attributable to owners of the Company	40,686	31,653	9,033	28.5%	75,495	55,174	20,321	36.8%

#### 4Q 2017 vs 4Q 2016

Revenue in 4Q 2017 was RM126.23 million as compared to RM132.87 million in 4Q 2016. This was largely attributable to lower revenue recognised from the Joint Venture Arrangement ("JVA") by Tibanis Sdn Bhd ("Tibanis"), a wholly owned subsidiary of the Group.

The Group reported lower PBT at RM43.00 million in 4Q 2017 (4Q 2016: RM49.30 million). The drop in PBT in 4Q 2017 was mainly due to impairment loss recorded on quoted shares and unfavourable changes to the market values of investment securities. The adversity was mitigated by a one-off additional compensation from a compulsory acquisition of an investment property which was awarded by the Court and higher interest income.

#### **Insurance**

The Insurance Division reported PBT of RM608,000 in 4Q 2017 (4Q 2016: RM27.63 million). The decrease in results was primarily due to impairment loss recorded on quoted shares amounted to RM8.34 million and higher claims ratio in the current quarter. In 4Q 2016, the Insurance Division recorded an exceptional income of RM14.40 million from the release of MMIP reserves.

#### **Credit**

The Credit Division posted lower PBT of RM4.60 million in 4Q 2017 (4Q 2016: RM7.19 million) mainly due to unfavourable changes to the market values of investment securities.

#### **Investments**

In 4Q 2017, the Investments Division doubled its PBT to RM37.79 million from RM14.48 million in 4Q 2016. The better results was due to a one-off additional compensation from the compulsory acquisition of an investment property, awarded by the Court.

#### FY 2017 vs FY 2016

In FY 2017, PBT was marginally higher at RM107.98 million as compared to RM107.21 million in FY 2016. This was attributable to a one-off additional compensation awarded by the Court from the compulsory acquisition of an investment property which was offset with impairment loss recorded on quoted shares.

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

	3 months ended		Changes	
	31.12.2017	30.09.2017	RM'000	%
	RM'000	RM'000		
Revenue	126,228	121,736	4,492	3.7%
Operating profit	43,388	31,255	12,133	38.8%
Profit before tax	43,001	30,871	12,130	39.3%
Profit after tax	40,998	24,140	16,858	69.8%
Profit attributable to owners of the Company	40,686	16,306	24,380	>100%

#### 4Q 2017 vs 3Q 2017

PBT in the current quarter was 39.3% higher at RM43.00 million as compared to PBT of RM30.87 million in 3Q 2017. The favourable results in 4Q 2017 was mainly due to a one-off additional compensation awarded by the Court and revenue recognised from the JVA by Tibanis which was offset with higher impairment loss recognised on quoted shares and higher claims ratio in 4Q 2017.

### B3 Group's prospects

The global economy continued to grow at a robust pace, where growth in advanced economies are driven by the private sector and growth in developing economies was contributed by the world expansion as well as its domestic demand.

In 4Q 2017, the Malaysian economy recorded a growth of 5.9%, which is marginally lower than 6.2% reported in 3Q 2017. The growth was mainly contributed by the continued expansion in domestic demand mainly from the private sector. The growth in private consumption was primarily driven by continued wage and employment growth.

#### Insurance

From 1 July 2017, insurance premium pricing for Motor, both Comprehensive and Third Party and Fire and Theft insurance were liberalised, which allowed insurers and takaful operators to determine competitive insurance premium pricing and at the same time created sustainable motor insurance protection for both insurers and consumers.

The Group will continue to work and explore options with Generali Asia N.V. to grow and enhance the insurance subsidiary's profitability, local presence and long-term growth.

#### Credit and Investments

Due to the recent interest rate hike, the Credit Division will be more selective in granting financing by selecting only reputable niche clientele.

Despite the expansion of the Malaysian economy, the property market remains slow with oversupply, in particular high-end properties in the market. The Group will continue to evaluate and assess all possible options to create value, either through other joint venture arrangements with reliable and reputable partners or outright disposal of the land banks.

### B4 Profit Forecast and Profit Guarantee

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

### B5 Income Tax Expense

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense	3,594	6,845	14,063	20,377
Deferred tax	(1,591)	(582)	(425)	(545)
Total income tax expense	<u>2,003</u>	<u>6,263</u>	<u>13,638</u>	<u>19,832</u>

Income tax is calculated at the Malaysian statutory rate of 24% (2016:24%) of the estimated assessable profit for the current quarter ended 31 December 2017.

The effective tax rate for the Group for the current quarter is lower than the statutory tax rate mainly due to over-provision of income tax expense in prior year and higher adjustments to deferred tax.

**B6 Profit before tax**

Included in the profit before tax are the following items:

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment of other receivables	-	100	-	100
Amortisation of intangible assets	314	291	1,132	1,092
Amortisation of premiums	7	40	83	148
Bad debts written off	1,780	767	1,780	784
Depreciation of property, plant and equipment	1,479	1,566	6,048	6,005
Depreciation of investment properties	467	432	1,868	1,757
Dividend income on quoted shares and unit trusts	801	(814)	(1,683)	(4,195)
Fund management charges	252	299	1,023	924
Gain on disposal of investment properties	(16,458)	(1,927)	(16,458)	(369)
Gain on disposal of property, plant and equipment	(134)	(1)	(134)	(79)
Loss arising from fair value change in financial assets at FVTPL	7,312	329	2,815	1,624
Interest expense	387	117	887	805
Interest income	(15,417)	(9,958)	(63,156)	(48,417)
Impairment loss on AFS financial asset	8,341	2,708	17,941	2,708
Impairment loss on investment property	2	1	6	1
Rent of land and buildings	726	991	3,818	3,950
Realised gain on AFS financial assets	(896)	(3,277)	(9,450)	(9,677)
Realised gain on financial assets at FVTPL	(7,506)	(2,967)	(7,865)	(4,876)
Realised gain on foreign exchange	(32)	(48)	(355)	(24)
Share of results of an associate	-	(4)	-	2
(Write-back)/Allowance for impairment of trade receivables	(233)	108	908	1,101

**B7 Receivables**

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Trade receivables	303,901	245,337
Less: allowance for impairment	(42,195)	(41,287)
Total trade receivables	<u>261,706</u>	<u>204,050</u>
Other receivables	130,827	87,436
Less: allowance for impairment	(141)	(141)
Total other receivables	<u>130,686</u>	<u>87,295</u>
<b>Total receivables</b>	<u><b>392,392</b></u>	<u><b>291,345</b></u>

The ageing analysis of the Group's trade receivables are as follows:

Neither past due nor impaired	123,293	188,173
Past due but not impaired	138,413	15,877
Impaired	42,195	41,287
	<u>303,901</u>	<u>245,337</u>

Movement in allowance accounts (individually and collectively impaired)

At 1 January	41,287	40,186
Charge for the year (Note B6)	908	1,101
	<u>42,195</u>	<u>41,287</u>

**B8 Retained profits**

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained profits		
- realised	797,581	718,500
- unrealised	(10,041)	(7,754)
Total share of retained profits from an associate		
- realised	-	413
Less: Consolidation adjustments	<u>(88,992)</u>	<u>(88,099)</u>
Retained profits as per Statements of Changes in Equity	<u>698,548</u>	<u>623,060</u>

**B9 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 2017. 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. Certificate of fitness for occupation was not required for buildings built prior to 1974 and the Group is currently seeking the date of the construction of the buildings. At the same time, the Group is still exploring other 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.

## B10 Borrowings

The Group's borrowings are as follows:

	As at 31.12.2017			As at 31.12.2016		
	Non-current RM'000	Current RM'000	Total RM'000	Non-current RM'000	Current RM'000	Total RM'000
<i>Secured</i>						
Term loan	-	-	-	-	-	-
Revolving credit	-	-	-	-	4,997	4,997
Total secured	-	-	-	-	4,997	4,997
<i>Unsecured</i>						
Term loan	16,000	15,000	31,000	-	-	-
Total borrowings	16,000	15,000	31,000	-	4,997	4,997

During the financial year ended 31 December 2017, the Group fully repaid the balance amounting to RM5.00 million of an existing term loan and subsequently drawdown a new term loan amounting to RM31.00 million at rates ranging between 5.23% and 5.27% per annum and 4.97% per annum, respectively.

All the borrowings are denominated in Ringgit Malaysia.

## B11 Material Litigation

### i) 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 ("MKPK's Appeal").

The Court of Appeal had on 28 February 2017 allowed MKPK's Appeal with costs.

**B11 Material Litigation (cont'd.)****ii) Legal suit filed by ISM Sendirian Berhad Civil Suit No. WA-22NCC-68-02/ 2016 [consolidated with civil suit no. WA-22NCC-70-02/ 2016, WA-22NCC-69-02/ 2016, WA-22NCC-71-02/ 2016 and WA-22NCC-72-02/ 2016]**

ISM Sendirian Berhad ("ISM/ Plaintiff") had filed five suits against MPH Capital Berhad ("MPHB Capital") and its subsidiaries, namely, Queensway Nominees (Asing) Sdn. Bhd., Queensway Nominees (Tempatan) Sdn Bhd, West-Jaya Sdn Bhd, Mulpha and Leisure Dotcom Sdn.Bhd. ("the Companies"), as well as its respective directors (collectively referred to hereinafter as "the Defendants"), alleging minority shareholders oppression under Section 181 of the Companies Act 1965. ISM is a minority shareholder of the Companies.

In the five suits, the Plaintiff seeks damages, both general and punitive against the Defendants, several declarations regarding the manner in which the affairs of MPH Capital and the Companies are conducted, several injunctions to restrain the conduct of MPH Capital with regards to the Companies as well as an order that ISM's shares in the Companies are to be purchased by the Defendants at a value fixed by an independent auditor and valuer.

In response, the Defendants contended that the Plaintiff is in breach of the joint venture arrangement between the parties in failing to fulfil its financial obligations under the same. Hence, the Defendants have filed a Defence and Counterclaim (in each suit) against the Plaintiff for losses and damages suffered by the Defendants due to the Plaintiff's breach in the joint venture arrangement.

These five suits are currently at the trial stage.

**B12 Dividend**

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

**B13 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

**B14 Earnings Per Share**

Earnings per share is calculated by dividing the profit for the quarter attributable to owners of the Company by the number of ordinary shares in issue during the quarter and year ended 31 December 2017.

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to owners of the Company (RM'000)	40,686	31,653	75,495	55,174
Weighted average number of ordinary shares in issue ('000)	715,000	715,000	715,000	715,000
Earnings Per Share (sen per share)	5.69	4.43	10.56	7.72

**By Order Of The Board**  
**Ng Sook Yee**  
**Company Secretary**  
**27 February 2018**