



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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
	Unaudited	Unaudited
Revenue	103,643	111,136
Cost of sales	(68,412)	(78,223)
Gross profit	35,231	32,913
Other income	48,168	28,715
Administrative expenses	(17,212)	(17,028)
Other expenses	(42,632)	(47,541)
Operating profit / (loss)	23,555	(2,941)
Finance costs	(163)	(390)
Profit / (loss) before tax	23,392	(3,331)
Income tax expense	(4,879)	(1,471)
Profit / (loss) for the period	18,513	(4,802)
Profit / (loss) attributable to:		
Owners of the Company	12,086	(3,278)
Non-controlling interests	6,427	(1,524)
	18,513	(4,802)
Earnings/(loss) per share attributable to owners of the Company (sen per share):		
Basic and diluted	1.69	(0.46)

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	As at 31.03.2019 RM'000 Unaudited	As at 31.12.2018 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	70,570	71,375
Right-of-use ("ROU") assets	9,977	-
Investment properties	818,647	819,110
Investment securities	517,025	412,005
Intangible assets	43,278	43,178
Receivables	91,788	90,459
Deferred tax assets	8,189	8,188
Tax recoverable	16,699	16,699
	1,576,173	1,461,014
Current assets		
Inventories	221	203
Receivables	262,675	265,421
Reinsurance assets	353,067	366,250
Tax recoverable	1,573	1,620
Investment securities	368,193	356,145
Cash and bank balances	651,485	725,644
	1,637,214	1,715,283
Total assets	3,213,387	3,176,297
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	1,011,091	1,011,091
Other reserves	(336,821)	(336,821)
Merger deficit	(28,464)	(28,464)
Retained earnings	723,401	710,688
	1,369,207	1,356,494
Non-controlling interests	273,487	262,851
Total equity	1,642,694	1,619,345
Non-current liabilities		
Put Option	416,409	409,370
Lease Liabilities	7,771	-
Deferred tax liabilities	9,679	9,713
	433,859	419,083
Current liabilities		
Payables	161,399	163,072
Lease Liabilities	2,405	-
Insurance contract liabilities	962,407	967,664
Borrowings	2,000	1,200
Tax payable	8,623	5,933
	1,136,834	1,137,869
Total liabilities	1,570,693	1,556,952
Total equity and liabilities	3,213,387	3,176,297
Net assets per share attributable to owners of the Company (RM)	1.91	1.90

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2019

I----attributable to owners of the Company----I

I-----Non-distributable-----I Distributable

	Share capital RM'000	Other reserves RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2018	1,011,091	(338,547)	(28,464)	704,975	1,349,055	249,201	1,598,256
Effects of MFRS 9 Financial Instruments adoption:							
(i) Classification and measurement: Unquoted shares held at cost reclassified to FVTPL	-	-	-	3,878	3,878	-	3,878
(ii) Expected credit losses: Increase in provision for impairment of financial assets	-	1,726	-	(9,145)	(7,419)	(3,876)	(11,295)
Total adjustments	-	1,726	-	(5,267)	(3,541)	(3,876)	(7,417)
At 1 January 2018 (restated)	1,011,091	(336,821)	(28,464)	699,708	1,345,514	245,325	1,590,839
Loss for the period	-	-	-	(3,278)	(3,278)	(1,524)	(4,802)
Arising from increase in equity interests in a subsidiary	-	-	-	-	-	(10)	(10)
At 31 March 2018	1,011,091	(336,821)	(28,464)	696,430	1,342,236	243,791	1,586,027
At 1 January 2019	1,011,091	(336,821)	(28,464)	710,688	1,356,494	262,851	1,619,345
Adjustments from adoption of MFRS 16	-	-	-	(137)	(137)	(10)	(147)
At 1 January 2019 (restated)	1,011,091	(336,821)	(28,464)	710,551	1,356,357	262,841	1,619,198
Profit for the period	-	-	-	12,086	12,086	6,427	18,513
Arising from creation of units in a subsidiary	-	-	-	764	764	4,219	4,983
At 31 March 2019	1,011,091	(336,821)	(28,464)	723,401	1,369,207	273,487	1,642,694

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2019**

	3 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000
OPERATING ACTIVITIES		
Profit / (loss) before tax	23,392	(3,331)
Adjustments for:		
Depreciation of property, plant and equipment	1,224	1,519
Depreciation of ROU assets	672	-
Depreciation of investment properties	463	466
Amortisation of premiums	186	162
Amortisation of intangible assets	775	371
Allowance for impairment of receivables	1,518	873
Write back of bad debts	(10)	-
Realised gain on disposal of financial assets at FVTPL	(1,407)	(4,207)
Adjustment arising from valuation of Put Option	7,039	7,647
Dividend income on shares and unit trusts	(518)	(603)
Interest expense	28	390
Interest on lease liabilities	136	-
Interest income	(13,107)	(9,589)
Gain arising from fair value change in financial assets at FVTPL	(21,007)	(81)
Operating cash flows before working capital changes	(616)	(6,383)
Changes in working capital:		
Inventories	(18)	1
Receivables	4,113	(32,934)
Reinsurance assets	13,183	(35,349)
Insurance contract liabilities	(5,257)	68,454
Payables	(897)	8,152
Cash flows generated from operations	10,508	1,941
Income tax paid	(2,177)	(4,987)
Net cash flows generated from/(used in) operating activities	8,331	(3,046)
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	-	1
- investment securities	101,262	51,829
Purchase of :		
- intangible assets	(875)	(337)
- property, plant and equipment	(419)	(592)
- investment securities	(196,102)	(66,010)
- arising from changes in equity interests in a subsidiary	-	(10)
Dividend received from shares and unit trusts	518	603
Interest received	13,106	9,586
Repayment of lease liabilities	(756)	-
Net cash flows used in investing activities	(83,266)	(4,930)
FINANCING ACTIVITIES		
Net movement of borrowings	800	-
Interest paid	(24)	(275)
Net movement in fixed deposits with licensed bank	96,665	44,248
Net cash flows generated from financing activities	97,441	43,973
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,506	35,997
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	108,620	195,695
CASH AND CASH EQUIVALENTS AT END OF PERIOD	131,126	231,692
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	651,485	671,153
Fixed deposits with licensed bank with maturity period of more than 3 months	(520,359)	(439,461)
	131,126	231,692

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 2018 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 2018. 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 2018.

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 2018, except for the following:

A2.1 Standards, Amendments and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2019

Description	Effective for periods beginning on or after
Amendments to MFRS 9 Financial Instruments – Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 11: Joint Arrangements contained in the documents entitled “Annual Improvements to MFRS Standards 2015-2017 Cycle “	1 January 2019
Amendments to MFRS 112: Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the documents entitled “Annual Improvements to MFRS Standards 2015-2017 Cycle”	1 January 2019
Amendments to MFRS 123: Borrowing Costs Eligible for Capitalisation contained in the documents entitled “Annual Improvements to MFRS Standards 2015-2017 Cycle”	1 January 2019
IC Int 23 Uncertainty over Income Tax Treatment	1 January 2019
Amendments to MFRS 3 Business Combinations -Definition of Business	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements – Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by MASB

These pronouncements are expected to have no material impact to the financial statements of the Group upon their initial application except as described below:

A2 Significant Accounting Policies (cont'd.)

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the ROU assets.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group applied MFRS 16 using the modified retrospective approach and did not restate comparative amount.

The following table presents the impact of changes to the consolidated statements of financial position of the Group resulting from the initial adoption of MFRS 16 Leases as at 1 January 2019:

Group		As at 31.12.2018 RM'000	Changes RM'000	As at 01.01.2019 RM'000
Non-current assets				
ROU assets	(a)	<u>-</u>	<u>10,539</u>	<u>10,539</u>
Non-current liabilities				
Lease liabilities	(b)	<u>-</u>	<u>8,281</u>	<u>8,281</u>
Current liabilities				
Lease liabilities	(b)	<u>-</u>	<u>2,405</u>	<u>2,405</u>

Note:

- (a) The ROU assets consist of office buildings leased during the period. Subsequent to initial recognition, the ROU assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any measurement of lease liabilities.
- (b) The lease liabilities arising from the rental of office buildings are recognised and discounted using the Group's borrowing rate of 5.17% as at 31 December 2018. Subsequent to initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

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 an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast 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 MFRS17 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-duration contracts.

A2 Significant Accounting Policies (cont'd.)**MFRS 17 Insurance Contracts (cont'd.)**

MFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with the comparative figures required. Early application is permitted provided the entity also applies MFRS 9 and MFRS15 on or before the date it first applies MFRS 17. This standard is only applicable to the insurance subsidiary of the Group.

The Group has appointed a consultant to look into the requirements of MFRS 17 and has completed the assessment of the operational impacts for adopting MFRS 17 and intends to assess the financial impact in the current year.

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 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 March 2019.

A5 Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect during the current quarter ended 31 March 2019.

A6 Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter ended 31 March 2019.

A7 Dividends Paid

No dividend was paid during the quarter under review.

A8 Segmental Information

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Segmental Revenue		
Insurance	94,430	99,230
Credit	2,433	3,279
Investments	6,780	8,627
Total	103,643	111,136
Segmental Results		
Insurance	18,054	(2,313)
Credit	6,382	(615)
Investments	(1,044)	(403)
	23,392	(3,331)
Income tax expense	(4,879)	(1,471)
Profit/(Loss) for the period	18,513	(4,802)

A8 Segmental Information (cont'd.)**Assets and Liabilities as at 31 March 2019**

	Assets RM'000	Liabilities RM'000
Insurance	1,732,114	1,115,522
Credit	581,356	420,973
Investments	899,917	34,198
Total	<u>3,213,387</u>	<u>1,570,693</u>

Assets and Liabilities as at 31 December 2018

	Assets RM'000	Liabilities RM'000
Insurance	1,708,698	1,111,197
Credit	566,987	412,417
Investments	900,612	33,338
Total	<u>3,176,297</u>	<u>1,556,952</u>

A9 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 by their measurement basis

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
ASSETS		
Financial assets at FVTPL		
Investment securities	885,218	768,150
	<u>885,218</u>	<u>768,150</u>
Financial assets at amortised cost		
Receivables	354,463	353,455
Cash and bank balances	651,485	725,644
	<u>1,005,948</u>	<u>1,079,099</u>
Total financial assets	<u>1,891,166</u>	<u>1,847,249</u>
LIABILITIES		
Liabilities at amortised cost		
Put Option	416,409	409,370
Payables	161,399	140,502
Borrowings	2,000	1,200
Total financial liabilities	<u>579,808</u>	<u>551,072</u>

A9 Financial Instruments (cont'd.)**(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 is 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.

(a) Financial instruments that are carried at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31 March 2019				
Financial assets at FVTPL				
Quoted shares	475,026	-	-	475,026
Unquoted bonds/shares	-	405,825	4,367	410,192
	475,026	405,825	4,367	885,218
As at 31 December 2018				
Financial assets at FVTPL				
Quoted shares	394,786	-	-	394,786
Unquoted bonds/shares	-	369,055	4,309	373,364
	394,786	369,055	4,309	768,150

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

The carrying amount of financial assets and financial liabilities at amortised cost are reasonable approximation of their fair values.

A10 Related Party Disclosures

	31.03.2019 RM'000	31.03.2018 RM'000
Affiliated companies		
Gross insurance premium receivables	1,071	1,243
Management fee receivable	154	203
Insurance commission payable	(101)	(116)
Claims paid	(107)	(57)
Professional fees paid	(6)	(5)
IT management fee payable	(19)	(19)
Dividend received	797	797

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

A10 Related Party Disclosures (cont'd.)

Affiliated companies during the financial quarter refer to the following:

- Ganda Pesona Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- MWE Properties Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Metra Management Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Magnum Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Ace Management Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.

A11 Contingent Liabilities

As at 28 May 2019, 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.

A12 Events after the interim period

There was no material event subsequent to the end of the current quarter ended 31 March 2019.

A13 Capital Commitments

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
Approved and contracted for :		
Computer and software	268	250
Property, plant and equipment	485	64
Total	753	314

A14 Operating Lease Arrangements

The Group as lessor

The future aggregate minimum lease payments receivable under operating leases contracted for but not recognised as receivables are as follows:

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
Not later than 1 year	6,670	6,323
Later than 1 year and not later than 5 years	5,472	5,968
Total future minimum lease receivables	12,142	12,291

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 ended 31 March 2019.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance of the Group

1Q2019 vs 1Q2018

	31.03.2019	31.03.2018	Changes
	RM'000	RM'000	RM'000
Revenue	103,643	111,136	(7,493)
Operating profit /(loss)	23,555	(2,941)	26,496
Profit/(loss) before tax	23,392	(3,331)	26,723
Profit/(loss) after tax	18,513	(4,802)	23,315
Profit/(loss) attributable to owners of the Company	12,086	(3,278)	15,364

Revenue for the quarter ended 31 March 2019 was RM103.64 million, a decrease of RM7.49 million compared to revenue of RM111.14 million achieved in 1Q2018 due to lower revenue from Insurance and investment segments.

Profit Before Tax ("PBT") for 1Q2019 was RM23.39 million which was an improvement from the Loss Before Tax ("LBT") of RM3.33 million in 1Q2018. Lower claims ratio from insurance segment and higher investment income had contributed to the favourable results.

Insurance

The Insurance subsidiary posted PBT of RM18.05 million in 1Q2019 compared to LBT of RM2.31 million. PBT increased by RM20.36 million due to lower claims ratio and fair value gain on investment securities.

Credit

In 1Q2019, the Credit Segment recorded a PBT of RM6.38 million (1Q2018: LBT of 0.62 million). The profit reported in the current quarter is mainly due to higher investment income.

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

	3 months ended	3 months ended	Changes
	31.03.2019	31.12.2018	RM'000
	RM'000	RM'000	RM'000
Revenue	103,643	116,867	(13,224)
Operating profit	23,555	8,893	14,662
Profit before tax	23,392	8,871	14,521
Profit after tax	18,513	5,375	13,138
Profit attributable to owners of the Company	12,086	1,085	11,001

1Q2019 vs 4Q2018

In 1Q2019, PBT of RM23.39 million increased by RM14.51 million compared to the PBT of RM8.88 million posted in 4Q2018. Higher investment income as well as lower claims ratio had resulted in the better results.

B3 Group's prospects

Malaysian economy expanded by 4.5% in 1Q 2019, which is slightly above the forecasted growth of 4.3%. Expansion in private sector spending and high net exports were the key economic growth drivers for the current quarter.

Going forward, Malaysia is expected to remain on a steady growth path with the growth forecast for the 2019 maintained between 4.3% to 4.8%.

Insurance

Insurance subsidiary continues with its momentum to "Build as we Grow" strategy. It leverages on Robotic Process Automation initiative to improve management efficiencies. OMNI channel strategy to enhance customer and intermediaries experience as well as manages a robust portfolio strategy to spur profitable growth to increase productivity of the traditional agency segment plus serving as a conduit to further develop working relationships and partnering with local brokers.

Credit

The Credit Division will maintain its credit strategy in financing reputable niche clientele with low risk exposure.

Investments

The Property Division remains conservative in view of the current weak property market condition. However, it will continue to evaluate all viable options to create sustainable value in the land banks, either joint venture arrangements with reliable partners or outright disposal of the land.

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	
	31.03.2019	31.03.2018
	RM'000	RM'000
Income tax expense	4,879	1,471
Deferred tax	-	-
Total income tax expense	<u>4,879</u>	<u>1,471</u>

Income tax is calculated at the Malaysian statutory rate of 24% (2018:24%) of the estimated assessable profit for the current quarter and previous corresponding periods.

The effective tax rate for the Group for the current quarter was lower than the statutory rate mainly due to non-taxable income.

B6 Profit before tax

Included in the profit before tax are the following items:

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Amortisation of intangible assets	775	371
Amortisation of premiums	186	162
Depreciation of property, plant and equipment	1,224	1,519
Depreciation of Right-of-use assets	672	-
Depreciation of investment properties	463	466
Dividend income on shares and unit trusts	(518)	(603)
Fund management charges	34	41
Gain arising from fair value change in financial assets at FVTPL	(21,007)	(81)
Interest expense	164	390
Interest income	(13,107)	(9,589)
Adjustment arising from the valuation of Put Option	7,039	7,647
Rental expense of buildings	-	858
Realised gain on disposal of financial assets at FVTPL	(1,407)	(4,207)
Allowance for impairment of trade receivables	1,518	873
Write back of bad debts	(10)	-

B7 Receivables

	As at	As at
	31.03.2019	31.12.2018
	RM'000	RM'000
Trade receivables	233,298	144,373
Less: allowance for impairment	(32,480)	(30,962)
Total trade receivables	<u>200,818</u>	<u>113,411</u>
Other receivables	154,444	243,268
Less: allowance for impairment	(799)	(799)
Total other receivables	<u>153,645</u>	<u>242,469</u>
Total receivables	<u>354,463</u>	<u>355,880</u>
 <u>Movement in allowance for ECL</u>		
At 1 January	31,761	26,332
Effect from adoption of MFRS 9	-	14,790
Charge for the year (Note B6)	1,518	(9,361)
	<u>33,279</u>	<u>31,761</u>

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 2018. As at current date, the non-compliances are as follows:

- I) The condition imposed on the land title

Syarikat Perniagaan Selangor SD Bud ("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 has liaised with TNB and the Land Office to register a lease in favor of TNB over that portion of land on which the TNB sub-station is situated but the outcome is still pending; and

- II) The undetermined status of the certificate of fitness for occupation

In respect of the following lands, as the Group was unable to determine the status of the certificate of fitness for occupation to the buildings erected thereon, the Group has vacated all occupants from the buildings:-

- 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 are as follows:

	As at 31.03.2019			As at 31.12.2018		
	Non-current RM'000	Current RM'000	Total RM'000	Non-current RM'000	Current RM'000	Total RM'000
Term loan						
- unsecured	-	-	-	-	1,200	1,200
- secured	-	2,000	2,000	-	-	-
Total borrowings	-	2,000	2,000	-	1,200	1,200

All the borrowings are denominated in Ringgit Malaysia.

B10 Material Litigation**(i) 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 ("MPH Capital") and its subsidiaries, namely, Queensway Nominees (Asing) Sdn. Bhd., Queensway Nominees (Tempatan) Sdn Bhd, West-Jaya Sdn Bhd, Mulpha Kluang Maritime Carrier Sdn. Bhd. 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 Defense 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.

The trial stage of these five suits has been completed.

The decision date for these five suits has been deferred to 21 June 2019.

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 2018 was not qualified.

B13 Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the profit for the quarter attributable to owners of the Company by the weighted average number of ordinary shares in issue during the quarter ended 31 March 2019.

	3 months ended	
	31.03.2019	31.03.2018
Profit/(loss) attributable to owners of the Company (RM'000)	<u>12,086</u>	<u>(3,278)</u>
Weighted average number of ordinary shares in issue ('000)	<u>715,000</u>	<u>715,000</u>
Basic and diluted earnings/(loss) per share (sen)	<u>1.69</u>	<u>(0.46)</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
28 May 2019