

MAA GROUP BERHAD

Registration No. 199801015274 (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING**A1. BASIS OF PREPARATION**

These condensed consolidated interim financial statements ("Interim Reports") are unaudited and have been prepared in accordance with the MFRS 134 *'Interim Financial Reporting'* issued by the Malaysian Accounting Standards Board ("MASB"), the International Accounting Standard ("IAS") 34 *'Interim Financial Reporting'* and the requirements of Companies Act 2016. These Interim Reports have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

These Interim Reports have also been prepared in accordance with paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

These unaudited Interim Reports should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to these Interim Reports provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted by the Group in these Interim Reports are consistent with those adopted in the Group's audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following standards, amendments to standards and interpretations that became effective from financial year beginning on or after 1 January 2020:

- The Conceptual Framework for Financial Reporting
- Amendments to MFRS 3 *'Business Combinations' – Definition of a Business*
- Amendments to MFRS 9 *'Financial Instruments'*, MFRS 139 *'Financial Instruments : Recognition and Measurement'* and MFRS 7 *'Financial Instruments : Disclosures' – Interest Rate Benchmark Reform*
- Amendments to MFRS 101 *'Presentation of Financial Statements'* and MFRS 108 *'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Material*
- Amendments to MFRS 16 *'Leases' – COVID-19 – Related Rent Concessions*

The adoption of the standards and amendments to standards listed above did not result in significant changes in the accounting policies of the Group and did not have any significant financial impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following standards, amendments to standards and interpretations that have been issued by MASB but have not been adopted by the Group:

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRS 116 *'Property, Plant and Equipment' – Proceeds before Intended Use*
- Amendments to MFRS 3 *'Business Combinations' – Reference to the Conceptual Framework*
- Annual Improvements to MFRSs 2018 – 2020 Cycle
 - MFRS 1 *'First-time Adoption of Malaysian Financial Reporting Standards' – Subsidiary as First-time Adopter*
 - MFRS 9 *'Financial Instruments' – Fees in the "10 per cent" Test for Derecognition of Financial Liabilities*
 - Illustrative Examples accompanying MFRS 16 *'Leases' – Lease Incentives*
 - MFRS 114 *'Agriculture' – Taxation in Fair Value Measurements*
- Amendments to MFRS 137 *'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts – Cost of Fulfilling a Contract*

Effective for annual periods commencing on or after 1 January 2023

- Amendments to MFRS 101 *'Presentation of Financial Statements' - Classification of liabilities as current or non-current'*
- MFRS 17 *'Insurance Contracts'*

Effective date yet to be confirmed by MASB

- Amendments to MFRS 10 *'Consolidated Financial Statements'* and MFRS 128 *'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will assess the application of adopting the above standards, amendments to standards and interpretations before the effective dates.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's business operations were not significantly affected by any seasonal or cyclical factors.

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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 financial quarter and year ended 31 December 2020.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have any material effect during the current financial quarter and year ended 31 December 2020.

A6. DEBT AND EQUITY SECURITIES

During the current financial year ended 31 December 2020, the Company purchased a total 9,574,100 ordinary shares of its issued share capital from the open market at an average price RM0.73 per share. The total purchase consideration paid for the shares buy-back including transaction costs amounted to RM7,014,676 and were financed by internally generated funds. The shares purchased were held as treasury shares in accordance with the Companies Act 2016 and carried at purchase cost.

On 1 December 2020, the Company cancelled the whole 9,574,100 treasury shares in accordance with the Companies Act 2016.

As at 31 December 2020, there were no treasury shares held by the Company.

Other than above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and year ended 31 December 2020.

A7. DIVIDEND PAID

No interim dividend was paid by the Company during the current financial quarter and year ended 31 December 2020 in respect of the financial year ended 31 December 2020.

For the previous financial year ended 31 December 2019, the Company paid a first interim dividend of 6 sen per ordinary share under the single-tier dividend system in respect of the financial year ended 31 December 2019 totaling RM16,411,065 on 20 August 2019.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**A8. SEGMENTAL INFORMATION**

The following summary describes the operations in each of the Group's operating segments for the current financial quarter and year ended 31 December 2020:

- Investment Holdings
- General Insurance business
- Education services

The Group's Other segments comprise of hire purchase, leasing and other credit facilities, property management, IT consultancy and business debt factoring services, none of which met the requirements of MFRS 8 'Operating Segment' to be separately presented as an operating segment. There have been no material changes in total assets, the basis of segmentation and the basis of measurement of segment profit or loss from the last annual financial statements.

The table below shows the segment information for the reportable segments:

	Investment Holdings	General Insurance	Education Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended</u>					
<u>31 December 2020</u>					
Operating revenue	976	39,313	5,048	4,016	49,353
Net earned premiums	-	24,042	-	-	24,042
Investment income	416	429	-	97	942
Interest income	501	2,336	57	23	2,917
Realised gains and losses – net	6,928	375	(1)	1	7,303
Fair value gains and losses - net	15,634	3,854	-	(397)	19,091
Commission income	-	643	-	-	643
Other operating revenue from non- insurance businesses	59	-	4,991	3,896	8,946
Other operating income – net	1,421	1,337	336	541	3,635
Net claims incurred	-	(12,616)	-	-	(12,616)
Commission expenses	-	(9,477)	-	-	(9,477)
Management expenses	(6,373)	(7,027)	(8,864)	(4,789)	(27,053)
Finance costs	(5)	(6)	(101)	(92)	(204)
Profit/(loss) before taxation before share of (loss)/profit of associates	18,581	3,890	(3,582)	(720)	18,169
Share of (loss)/profit of associates	(47)	-	-	3	(44)
Profit/(loss) before taxation	18,534	3,890	(3,582)	(717)	18,125

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**A8. SEGMENTAL INFORMATION** (continued)

The table below shows the segment information for the reportable segments (continued):

	Investment Holdings	General Insurance	Education Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months year ended</u>					
<u>31 December 2020 (Unaudited)</u>					
Operating revenue	5,099	169,861	29,820	8,841	213,621
Net earned premiums	-	107,797	-	-	107,797
Investment income	1,775	2,384	-	97	4,256
Interest income	3,087	9,179	313	119	12,698
Realised gains and losses – net	3,974	3,371	5	1	7,351
Fair value gains and losses - net	20,476	1,498	-	28	22,002
Commission income	-	2,557	-	-	2,557
Other operating revenue from non- insurance businesses	237	-	29,507	8,625	38,369
Other operating income– net	5,592	1,539	2,018	135	9,284
Net claims incurred	-	(37,569)	-	-	(37,569)
Commission expenses	-	(38,602)	-	-	(38,602)
Management expenses	(19,562)	(20,241)	(36,004)	(6,662)	(82,469)
Finance costs	(36)	(35)	(555)	(103)	(729)
Profit/(loss) before taxation before share of (loss)/profit of associates	15,543	31,878	(4,716)	2,240	44,945
Share of (loss)/profit of associates	(47)	-	-	3	(44)
Profit/(loss) before taxation	15,496	31,878	(4,716)	2,243	44,901

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The table below shows the segment information for the reportable segments (continued):

	Investment Holdings	General Insurance	Education Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended</u>					
<u>31 December 2019</u>					
Operating revenue	2,471	46,628	4,709	331	54,139
Net earned premiums	-	25,661	-	-	25,661
Investment income	226	455	-	109	790
Interest income	2,185	2,214	26	52	4,477
Realised gains and losses – net	303	70	-	(1)	372
Fair value gains and losses - net	(164)	(2,802)	-	(84)	(3,050)
Commission income	-	586	-	-	586
Other operating revenue from non- insurance businesses	60	-	4,683	170	4,913
Other operating expenses – net	(12,738)	(193)	(567)	(508)	(14,006)
Net claims incurred	-	(18,487)	-	-	(18,487)
Commission expenses	-	(10,599)	-	-	(10,599)
Management expenses	(5,818)	(4,824)	(6,481)	(926)	(18,049)
Finance costs	(4)	37	(117)	(3)	(87)
Loss before taxation	(15,950)	(7,882)	(2,456)	(1,191)	(27,479)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**A8. SEGMENTAL INFORMATION** (continued)

The table below shows the segment information for the reportable segments (continued):

	Investment Holdings	General Insurance	Education Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months year ended</u>					
<u>31 December 2019 (Audited)</u>					
Operating revenue	9,909	176,357	7,527	607	194,400
Net earned premiums	-	106,928	-	-	106,928
Investment income	1,962	2,337	-	109	4,408
Interest income	7,709	7,899	31	328	15,967
Realised gains and losses – net	775	2,424	-	(1)	3,198
Fair value gains and losses - net	3,867	(4,332)	-	67	(398)
Commission income	-	2,284	-	-	2,284
Other operating revenue from non- insurance businesses	238	-	7,496	170	7,904
Other operating expenses – net	(14,892)	(670)	(557)	(541)	(16,660)
Net claims incurred	-	(58,594)	-	-	(58,594)
Commission expenses	-	(40,554)	-	-	(40,554)
Management expenses	(21,968)	(19,210)	(9,424)	(3,143)	(53,745)
Finance costs	(89)	(34)	(126)	(14)	(263)
Loss before taxation	(22,398)	(1,522)	(2,580)	(3,025)	(29,525)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**A8. SEGMENTAL INFORMATION** (continued)

The table below shows the segment information for the reportable segments (continued):

	Investment Holdings	General Insurance	Education Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segmental Assets</u>					
At 31 December 2020	276,616	434,972	80,952	87,991	880,531
At 31 December 2019 (Restated)	338,796	399,404	76,407	24,597	839,204
<u>Segmental Liabilities</u>					
At 31 December 2020	15,211	286,389	31,967	17,946	351,513
At 31 December 2019 (Restated)	9,883	283,535	36,622	709	330,749

A9. MATERIAL EVENT AFTER THE REPORTING PERIOD

There was no material event subsequent to the end of the current financial quarter and year ended 31 December 2020 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 7 July 2020, MAA Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, subscribed for two (2) new ordinary shares of RM2 each, representing 100% of the issued and paid up capital in a new subsidiary, Glovtec Sdn Bhd ("Glovtec"), a company incorporated in Malaysia, for cash purchase consideration of RM4.
- (b) On 3 November 2020, MAA Corp acquired 2 ordinary shares of RM1 each in Hospitality 360 Sdn Bhd ("H360"), representing 2% of the issued and paid up share capital of H360, from Charming Vanguard Sdn Bhd for a total cash purchase consideration of RM2. With this acquisition, MAA Corp's equity interest in H360 increased from 49% to 51%, making H360 a subsidiary of the Group.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current financial quarter and year ended 31 December 2020. As at 31 December 2020, the Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**A12. VALUATION OF INVESTMENT PROPERTIES**

Investment properties of the Group were carried at revalued amount at the financial year ended 31 December 2020 based on valuations carried out by professional valuers during the financial year and the fair value changes therein were recognised in the income statement.

A13. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at the end of the financial year ended 31 December 2020.

A14. CAPITAL COMMITMENTS

Significant capital commitments contracted but not provided for the purchase of property, plant and equipment as at the end of the financial period are as follows:

	As at 31.12.2020	As at 31.12.2019
	RM'000	RM'000
Property, plant and equipment		
- Furniture, fitting and equipment	32	-
- Renovation	19	401
	51	401

A15. RELATED PARTY DISCLOSURES

All related party transactions and balances within the Group had been entered into the normal course of business and were carried out on normal commercial terms. The Company monitors related party transactions to comply with the requirements under Chapter 10 of the MMLR of Bursa Securities.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. REVIEW OF GROUP PERFORMANCE****Current financial quarter ended 31 December 2020 ("4Q-2020") against preceding year's corresponding financial quarter ended 31 December 2019 ("4Q-2019")**Group

Key financial performance	4Q-2020	4Q-2019
	RM'000	RM'000
Operating revenue	49,353	54,139
Profit/(loss) before taxation	18,125	(27,479)

In 4Q-2020 under review, the Group recorded a lower total operating revenue of RM49.4 million (4Q-2019: RM54.1 million) which comprised mainly of gross earned premiums of RM36.5 million (4Q-2019: RM43.9 million) recorded by the General Insurance business held via subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP"), investment and interest income of RM3.9 million (4Q-2019: RM5.3 million) and other operating revenue from non-insurance businesses of RM8.9 million (4Q-2019: RM4.9 million).

In 4Q-2020, the Group recorded a Profit before taxation ("PBT") of RM18.1 million (4Q-2019: Loss before taxation ("LBT") of RM27.5 million) contributed by PBT of RM18.6 million (4Q-2019: LBT of RM15.9 million) from the Investment Holdings segment, PBT of RM3.9 million (4Q-2019: LBT of RM7.9 million) from the General Insurance business, LBT of RM3.6 million (4Q-2019: LBT of RM2.5 million) from the Education Services segment and LBT of RM0.7 million (4Q-2019: LBT of RM1.2 million) from other segments.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B1. REVIEW OF GROUP PERFORMANCE** (continued)**Current financial quarter ended 31 December 2020 ("4Q-2020") against preceding year's corresponding financial quarter ended 31 December 2019 ("4Q-2019")** (continued)Investment Holdings

Key financial performance	4Q-2020	4Q-2019
	RM'000	RM'000
Operating revenue	976	2,471
Profit/(loss) before taxation	18,534	(15,950)

Investment Holdings segment recorded a lower total operating revenue of RM1.0 million (4Q-2019:RM2.5 million) which mainly comprised of interest income of RM0.5 million (4Q-2019: RM2.2 million), dividend income of RM0.4 million (4Q-2019: RM0.2 million) and rental income from investment properties of RM6,000 (4Q-2019: RM70,000).

In 4Q-2020, the Investment Holdings segment recorded a PBT of RM18.5 million (4Q-2019: LBT of RM16.0 million). The profit was mainly attributed to improvement in investment performance with higher net fair value gains of RM15.7 million (4Q-2019: gains of RM167,000) from equity investments classified at fair value through profit or loss ("FVTPL") and higher gains from disposal of equity investments of RM6.9 million (4Q-2019: gains of RM0.3 million). The profit was also contributed by a realised foreign exchange gain of RM10.9 million arising from capital reduction by a subsidiary; offset by allowance for impairment loss on goodwill acquired of RM3.8 million and allowance for impairment loss on amounts due from associates of RM2.9 million.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B1. REVIEW OF GROUP PERFORMANCE** (continued)**Current financial quarter ended 31 December 2020 ("4Q-2020") against preceding year's corresponding financial quarter ended 31 December 2019 ("4Q-2019")** (continued)General Insurance

Key financial performance	4Q-2020		4Q-2019	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	487,330	41,389	512,571	41,862
Underwriting surplus/(deficit)	30,254	2,592	(34,431)	(2,839)
Investment income	5,058	429	5,576	455
Interest income	27,526	2,336	27,133	2,214
Claim ratio in %	52.5%	52.5%	71.9%	71.9%
Commission ratio in %	31.9%	31.9%	41.0%	41.0%
Profit/(loss) before taxation	45,374	3,890	(96,219)	(7,882)
Range of currency exchange rate	1RM = 11.70 to 11.87PHP		1 RM = 12.17 to 12.30 PHP	

GPW decrease marginally by 4.9% from PHP512.6 million in 4Q-2019 to PHP487.3 million in 4Q-2020. Motor classes recorded a decrease in GPW of 16.2% to PHP161.9 million (4Q-2019: PHP193.2 million); whilst non-motor classes registered a 1.9% increase in GPW to PHP325.4 million (4Q-2019: PHP319.4 million). Motor and non-motor businesses contributed 33% (4Q-2019: 38%) and 67% (4Q-2019: 62%) respectively of the total GPW in 4Q-2020.

In 4Q-2020, MAAGAP has registered a PBT of PHP45.4 million (4Q-2019: LBT of PHP96.2 million). The profit was mainly contributed by underwriting surplus of PHP30.3 million with lower claim ratio of 52.5%, compared to underwriting deficit of PHP34.4 million in 4Q-2019 with claim ratio of 71.9%. In 4Q-2020, the claim ratios for both motor and non-motor classes have improved to 52.7% (4Q-2019: 64.4%) and 52.3% (4Q-2019: 82.5%) respectively.

MAAGAP has also registered improvement in investment performance with higher realised gains from disposal of investments of PHP4.4 million (4Q-2019: PHP0.8 million) and net fair value gains of PHP45.3 million (4Q-2019: losses of PHP34.3 million) on equity investments classified at FVTPL during the 4Q-2020 under review.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B1. REVIEW OF GROUP PERFORMANCE** (continued)**Current financial quarter ended 31 December 2020 ("4Q-2020") against preceding year's corresponding financial quarter ended 31 December 2019 ("4Q-2019")** (continued)Education Services

Education Services comprised of the following business units:

- Edumaax Sdn Bhd and Kasturi Academy Sdn Bhd ("Kasturi Group") – offer private tuition education for Malaysia National secondary school curriculum and Sijil Tinggi Persekolahan Malaysia ("STPM") curriculum;
- St John's International Edu Group Sdn Bhd, St John's International (Campus 2) Sdn Bhd and Alfaakademik Sdn Bhd (collectively known as "SJI Group") – offer International school primary and secondary education and private tuition for Cambridge, IGCSE O-Level and A-Level program; and
- Imperium Edumaax Sdn Bhd ("Imperium Edumaax") (formerly known as HELP College of Arts and Technology Sdn Bhd ("HCAAT")) – offers tertiary education for certificates, diplomas, professional and post graduate degrees.

Key financial performance	4Q-2020	4Q-2019
	RM'000	RM'000
Operating revenue	5,048	4,709
Loss before taxation	(3,582)	(2,456)

Key financial performance by business units

	4Q-2020				4Q-2019			
	Kasturi Group	SJI Group	Imperium Edumaax	Total	Kasturi Group	SJI Group*	Imperium Edumaax*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	306	4,244	498	5,048	431	2,623	1,655	4,709
(Loss)/ profit before taxation	(1,306)	(4)	(2,272)	(3,582)	(732)	100	(1,824)	(2,456)

* Comprised of financial results for two (2) months – November and December 2019 after SJI Group and Imperium Edumaax (formerly known as HCAAT) became subsidiaries of the Group on 31 October 2019.

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 December 2020 ("4Q-2020") against preceding year's corresponding financial quarter ended 31 December 2019 ("4Q-2019") (continued)

Education Services (continued)

In 4Q-2020, Kasturi Group recorded a total operating revenue of RM0.3 million (4Q-2019: RM0.4 million) with a LBT of RM1.3 million (4Q-2019: LBT of RM0.7 million) due to lower enrolment of online classes by students pursuant to reinstatement of CMCO in October 2020.

SJI Group recorded a total operating revenue of RM4.2 million (4Q-2019: RM 2.6 million) with a LBT of RM4,000 in 4Q-2020 (4Q-2019: PBT of RM100,000) included the loss of RM0.9 million incurred by the newly start up primary school which commenced in January 2020. For Imperium Edumaax, it recorded total operating revenue of RM0.5 million (4Q-2019: RM 1.7 million) with a LBT of RM2.3 million (4Q-2019: LBT of RM1.8 million).

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Key financial performance	FYE 31.12.2020	FYE 31.12.2019 (Audited)
	RM'000	RM'000
Operating revenue	213,621	194,400
Profit/(loss) before taxation	44,901	(29,525)

In FYE 31.12.2020 under review, the Group recorded a higher total operating revenue of RM213.6 million (FYE 31.12.2019: RM194.4 million) which comprised of gross earned premiums of RM158.3 million (FYE 31.12.2019: RM166.1 million) recorded by MAAGAP, investment and interest income of RM16.9 million (FYE 31.12.2019: RM20.4 million) and other operating revenue from non-insurance businesses of RM38.4 million (FYE 31.12.2019: RM7.9 million).

The Group recorded a PBT of RM44.9 million (FYE 31.12.2019: LBT of RM29.5 million) in FYE 31.12.2020. The profit was mainly contributed by a PBT of RM15.5 million (FYE 31.12.2019: LBT of RM22.4 million) from the Investment Holdings segment, PBT of RM31.9 million (FYE 31.12.2019: LBT of RM1.5 million) from the General Insurance business and PBT of RM2.2 million (FYE 31.12.2019: LBT of RM3.0 million) from Other segments; offset by LPT of RM4.7 million (FYE 31.12.2019: LBT of RM2.6 million) from Education Services segment.

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Key financial performance	FYE 31.12.2020	FYE 31.12.2019 (Audited)
	RM'000	RM'000
Operating revenue	5,099	9,909
Profit/(loss) before taxation	16,679	(22,398)
Assets	276,616	338,796
Liabilities	15,211	9,883

Investment Holdings segment recorded a lower total operating revenue to RM5.1 million (FYE 31.12.2019: RM9.9 million) which comprised mainly of interest income of RM3.1 million (FYE 31.12.2019: RM7.7 million), dividend income of RM1.6 million (FYE 31.12.2019: RM1.7 million) and rental income from investment properties of RM149,000 (FYE 31.12.2019: RM267,000).

In FYE 31.12.2020, the Investment Holdings segment recorded a higher PBT of RM16.7 million (FYE 31.12.2019: LBT of RM22.4 million). The profit was mainly attributed to improvement in investment performance with higher net fair value gains of RM20.6 million (FYE 31.12.2019: RM4.6 million) from equity investments classified at FVTPL and higher gains from disposal of equity investments of RM4.0 million (FYE 31.12.2019: RM0.9 million). The profit was also contributed by other income of RM3.5 million arising from the returned excess purchase consideration of Imperium Edumaax (formerly known as HCAT) and a realised foreign exchange gain of RM10.9 million arising from capital reduction by a subsidiary; offset by allowance for impairment loss on goodwill acquired of RM3.2 million and allowance for impairment loss on amounts due from associates of RM2.9 million.

As at 31 December 2020, the Investment Holdings segment's assets stood lower at RM276.6 million (31 December 2019: RM338.8 million) where 19.6% (31 December 2019: 63.9%) comprised of low risk liquid assets in fixed and call deposits, cash and bank balances. The lower assets position was mainly attributed to utilisation of certain funds for acquisition of Scholastic IB International Sdn Bhd ("SIB") and Imperium Edumaax (formerly known as HCAT) and provision of working capital to subsidiaries for its debts factoring and money lending businesses. Total liabilities of the Investment Holdings segment recorded an increase to RM15.2 million as at end December 2020 (31 December 2019: RM9.9 million).

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B1. REVIEW OF GROUP PERFORMANCE** (continued)**Current financial year ended 31 December 2020 ("FYE 31.12.2020") against preceding financial year ended 31 December 2019 ("FYE 31.12.2019")** (continued)General Insurance

Key financial performance	FYE 31.12.2020		FYE 31.12.2019 (Audited)	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	1,862,504	157,304	2,193,273	175,671
Underwriting surplus	401,961	34,183	127,987	10,064
Investment income	28,186	2,384	29,204	2,337
Interest income	108,640	9,179	98,510	7,899
Claim ratio in %	35.1%	35.1%	54.7%	54.7%
Commission ratio in %	35.2%	35.2%	33.1%	33.1%
Profit/(loss) before taxation	371,633	31,878	(15,786)	(1,522)
Assets	5,193,124	434,972	4,962,786	399,404
Liabilities	3,419,207	286,389	3,523,030	283,535
Range of currency exchange rate	1RM = 11.59 to 12.48PHP		1 RM = 12.16 to 12.93 PHP	

GPW decrease by 15.1% from PHP2,193.3 million in FYE 31.12.2019 to PHP1,862.5 million in FYE 31.12.2020, affected mainly by decrease in the production of both motor and non-motor classes of business. Motor classes recorded a decrease in GPW of 15.7% to PHP665.0 million (FYE 31.12.2019: PHP789.2 million), whilst non-motor classes registered a 14.7% decrease in GPW to PHP1,197.5 million (FYE 31.12.2019: PHP1,404.1 million). The motor and non-motor businesses contributed 36% (FYE 31.12.2019: 36%) and 64% (FYE 31.12.2019: 64%) respectively of the total GPW in FYE 31.12.2020.

Despite of the lower GPW, MAAGAP has registered a PBT of PHP371.6 million (FYE 31.12.2019: LBT of PHP15.8 million). The profit was mainly contributed by higher underwriting surplus of PHP402.0 million with lower claim ratio of 35.1%, compared to PHP128.0 million with claim ratio of 54.7% in FYE 31.12.2019. In FYE 31.12.2020, the claim ratios for both motor and non-motor classes have improved to 41.6% (FYE 31.12.2019: 55.7%) and 27.7% (FYE 31.12.2019: 53.5%) respectively.

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2020 ("FYE 31.12.2020") against preceding financial year ended 31 December 2019 ("FYE 31.12.2019") (continued)

General Insurance (continued)

In FYE 31.12.2020, MAAGAP has also registered improvement in investment performance with higher interest and dividend income totaling PHP136.8 million (FYE 31.12.2019: PHP127.7 million), higher realised gains from disposal of investments of PHP39.6 million (FYE 31.12.2019: PHP30.6 million) and net fair value gains of PHP15.2 million (FYE 31.12.2019: losses of PHP53.7 million) on equity investments classified at FVTPL.

As at 31 December 2020, MAAGAP's total assets increased by 4.6% to PHP5,193.1 million from PHP4,962.8 million as at 31 December 2019 with 62.8% comprised of the company's investible funds of PHP3,259.2 million (31 December 2019: PHP2,865.4 million). The total liabilities of MAAGAP has decreased by 8.4% to PHP3,419.2 million as at 31 December 2020 from PHP3,523.0 million as at 31 December 2019.

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Key financial performance	FYE 31.12.2020	FYE 31.12.2019 (Audited)
	RM'000	RM'000
Operating revenue	29,820	7,527
Loss before taxation	(4,716)	(2,580)
Assets	80,952	76,407
Liabilities	31,967	36,622

Key financial performance by business units

	FYE 31.12.2020				FYE 31.12.2019 (Audited)			
	Kasturi Group	SJI Group	Imperium Edumaax	Total	Kasturi Group	SJI Group*	Imperium Edumaax*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,366	18,285	10,169	29,820	3,249	2,623	1,655	7,527
(Loss)/ profit before taxation	(1,887)	787	(3,616)	(4,716)	(856)	100	(1,824)	(2,580)
Assets	46,290	21,168	13,494	80,952	43,374	21,953	11,080	76,407
Liabilities	4,376	20,429	7,162	31,967	6,024	21,706	8,892	36,622

* Comprised of financial results for two (2) months – November and December 2019 after SJI Group and Imperium Edumaax (formerly known as HCAT) became subsidiaries of the Group on 31 October 2019.

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2020 ("FYE 31.12.2020") against preceding financial year ended 31 December 2019 ("FYE 31.12.2019") (continued)

Education Services (continued)

(i) Kasturi Group

In FYE 31.12.2020, Kasturi Group recorded a lower total operating revenue of RM1.4 million (FYE 31.12.2019: RM3.2 million) with a LBT of RM1.9 million (FYE 31.12.2019: LBT of RM0.9 million) were attributable to lower students' enrolment to both physical and online classes amid the Covid-19 pandemic and cancellation of PT3 examination and postponement of SPM and STPM.

As at 31 December 2020, Kasturi Group's total assets stood at RM46.3 million (31 December 2019: RM43.4 million), which included a goodwill of RM26.6 million arising from the acquisition of SIB in October 2019. Total liabilities decreased to RM4.0 million from RM6.0 million as at 31 December 2019. Total liabilities as at 31 December 2019 included a purchase consideration of RM5.0 million retained from the acquisition of SIB Group which is payable to the sellers upon them fulfilling the RM5.0 million profit guarantees for FYE 2019 and FYE 2020 cumulatively. On 17 July 2020, the Group paid RM1.2 million for achieving partial yearly profit guarantee for financial year ended 31 December 2019.

(ii) SJI Group

In FYE 31.12.2020, SJI Group recorded a total operating revenue of RM18.3 million with a PBT of RM0.8 million which included the loss of RM3.1 million incurred by the newly start up primary school which commenced in January 2020.

As at 31 December 2020, SJI Group's total assets recorded at RM21.2 million (31 December 2019: RM22.0 million), whilst total liabilities recorded at RM20.4 million (31 December 2019: RM21.7 million).

(iii) Imperium Edumaax

In FYE 31.12.2020, Imperium Edumaax recorded a total operating revenue of RM10.2 million with a LBT of RM3.6 million. The impact of Covid-19 pandemic has affected the higher education sector significantly, students' enrolment rate for Imperium Edumaax were dropped by almost 70% compared to the corresponding period, particularly due to low enrolment by international students following the country's lockdown.

As at 31 December 2020, Imperium Edumaax's total assets recorded at RM13.5 million (31 December 2019: RM11.1 million), whilst total liabilities of SJI Group recorded at RM7.2 million (31 December 2019: RM8.9 million).

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (4Q-2020) AGAINST THE PRECEDING FINANCIAL QUARTER (3Q-2020)

In 4Q-2020, the Group recorded a lower PBT of RM18.1 million (3Q-2020: PBT of RM26.2 million). Despite of improvement in investment performance with higher net fair value gains of RM19.2 million (3Q-2020: RM16.3 million) from equity investments classified at FVTPL and gains from disposal of investments of RM7.3 million (3Q-2020: losses of RM10.7 million) coupled with a realised foreign exchange gain of RM10.9 million arising from capital reduction by a subsidiary, however, these profits were offset by higher net claims incurred of RM12.6 million (3Q-2020: RM7.6 million), higher management expenses of RM26.0 million (3Q-2020: RM15.3 million), allowance for impairment loss on goodwill acquired of RM3.8 million and allowance for impairment loss on amounts due from associates of RM2.9 million.

B3. PROSPECTS

As at the date of this announcement, there are on-going proactive measures introduced by each company in the Group to minimize business disruptions whilst adhering to the SOP guidelines set by the Government. The Group will also continue to improve its management efficiency, intensifying costs optimization and identifying new business opportunities to ensure business sustainability and growth in the Group.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B5. INVESTMENT INCOME**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	6	70	149	267
Investments at FVTPL				
Dividend income from				
- Equity securities quoted in Malaysia	78	92	195	262
- Equity securities quoted outside Malaysia	349	115	2,168	1,514
- Equity securities unquoted outside Malaysia	-	-	-	703
- Unit trusts quoted in Malaysia	97	109	97	109
	524	316	2,460	2,588
Investments at FVOCI				
Dividend income from				
- Equity securities quoted outside Malaysia	412	404	1,647	1,553
	942	790	4,256	4,408

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B6. INTEREST INCOME**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Investments at FVOCI				
Interest income from				
- Government debt securities quoted outside Malaysia	479	1,323	2,024	4,350
- Corporate debt securities quoted outside Malaysia	14	53	85	208
- Corporate debt securities unquoted in Malaysia	313	317	622	621
	806	1,693	2,731	5,179
Investments at AC				
Interest income from				
- Government debt securities quoted outside Malaysia	187	102	703	399
- Corporate debt securities quoted outside Malaysia	1,629	602	6,229	2,255
- Private trust fund unquoted in Malaysia	2	5	25	5
- Private trust fund unquoted outside Malaysia	2	2	8	2
	1,820	711	6,965	2,661
Interest income from				
- staff loans	1	-	3	2
- advances to associate companies	59	31	278	31
- fixed and call deposits	231	2,042	2,721	8,094
	291	2,073	3,002	8,127
	2,917	4,477	12,698	15,967

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B7. REALISED GAINS AND LOSSES - NET**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains from disposal of property, plant and equipment	(1)	-	4	(146)
Investments at FVTPL				
Net realised gains/(losses)				
- Equity securities quoted in Malaysia	254	57	555	571
- Equity securities quoted outside Malaysia	6,825	202	3,231	2,610
- Unit trusts quoted outside Malaysia	-	-	-	(80)
- Derivatives quoted in Malaysia	-	-	-	39
	7,079	259	3,786	3,140
Investments at FVOCI				
Net realised gains/(losses)				
- Government debt securities quoted outside Malaysia	225	113	3,569	204
- Corporate debt securities quoted outside Malaysia	-	-	(8)	-
	225	113	3,561	204
	7,303	372	7,351	3,198

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B8. FAIR VALUE GAINS AND LOSSES - NET**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Net fair value losses on investment properties	(112)	(331)	(112)	(688)
Investments at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	797	1,015	(335)	2,879
- Equity securities quoted outside Malaysia	14,567	(4,934)	21,912	(1,656)
- Equity securities unquoted outside Malaysia	4,236	1,284	509	(1,229)
- Unit trusts quoted in Malaysia	(397)	(84)	28	67
- Unit trusts quoted outside Malaysia	-	-	-	162
- Derivatives quoted in Malaysia	-	-	-	67
	19,203	(2,719)	22,114	290
	19,091	(3,050)	22,002	(398)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B9. PROFIT/(LOSS) BEFORE TAXATION FOR THE FINANCIAL QUARTER AND YEAR**

Profit/(loss) before taxation for the financial quarter and year is arrived at after crediting/(charging):

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/write back of impairment loss on:				
- investments at AC	(212)	(158)	(264)	(403)
- investments at FVOCI	25	(1)	3	(5)
- loans from money lending, hire purchase and other credit activities	(13)	(506)	(392)	(506)
- amounts due from associates	(2,894)	(2,998)	103	(2,998)
- cash and cash equivalents	(38)	34	(23)	31
- insurance receivables	493	522	(554)	734
- trade receivables	16	(43)	66	(43)
- factoring receivables	(188)	(342)	(272)	(342)
Realised foreign exchange gains/(losses) - net	9,572	(59)	8,949	(127)
Unrealised foreign exchange (losses)/gains - net	(1,303)	405	(2,205)	(1,799)
Other income from the excess purchase consideration*	-	-	3,500	-
Allowance for impairment loss on goodwill acquired	(3,785)	(4,996)	(3,785)	(4,996)
Provision for Zurich's claim	-	(5,127)	-	(5,127)
Property, plant and equipment written off	(1)	(1,024)	(1)	(1,036)
Depreciation of property, plant and equipment	(1,215)	(1,482)	(3,139)	(2,242)
Depreciation of right-of-use assets	(2,393)	(1,712)	(8,565)	(3,500)
Amortisation of leasehold land	-	-	(1)	(1)
Amortisation of intangible assets	(51)	(29)	(179)	(83)
Lease interests	(151)	(85)	(674)	(257)

*Arising from the returned excess purchase consideration of RM3.5 million as result of the reduced purchase consideration of Imperium Edumaax (formerly known as HCAT), as disclosed in Note B12(b) of this Interim Reports.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B10. TAXATION**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<u>Current tax</u>				
Current financial quarter/year	(353)	572	9,115	1,706
Over provision in prior quarter/year	(45)	-	(127)	(13)
	(398)	572	8,988	1,693
<u>Deferred tax</u>				
Origination and reversal of temporary differences	(4,852)	(1,718)	(3,148)	44
Tax (income)/expense	(5,250)	(1,146)	5,840	1,737

For the current financial quarter and year under review, the Group's effective tax rate was lower than the statutory tax rate due mainly to certain income and fair value gains on investments that are not subject to tax.

Provision for taxation had been made in the preceding financial quarter and year even though the Group recorded a loss mainly due to certain expenses that are not deductible for tax purposes.

B11. FAIR VALUE MEASUREMENT OF INVESTMENTS

The Group classifies investments which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurement:

Level 1 - The fair value is measured by reference to published quotes in an active market which are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm's length basis.

Level 2 - The fair value is measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions obtained via pricing services; where prices have not been determined in an active market.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B11. FAIR VALUE MEASUREMENT OF INVESTMENTS (continued)**

The Group classifies investments which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurement: (continued)

Level 3 - The fair value is determined using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. The unobservable inputs reflect the Group's own assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available, which might include the Group's own data.

The following tables show the Group's investments which are measured at fair value analysed by the various level within the fair value hierarchy:

At 31 December 2020

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Investments at FVTPL:				
Equity securities quoted in Malaysia	23,411	-	-	23,411
Equity securities quoted outside Malaysia	153,610	-	-	153,610
Equity securities unquoted outside Malaysia	-	-	22,923	22,923
Unit trusts quoted in Malaysia	2,433	-	-	2,433
	<u>179,454</u>	<u>-</u>	<u>22,923</u>	<u>202,377</u>
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	45,678	-	-	45,678
Corporate debt securities quoted outside Malaysia	1,140	-	-	1,140
Equity securities quoted outside Malaysia	29,110	921	-	30,031
Equity securities unquoted outside Malaysia	-	-	4	4
	<u>75,928</u>	<u>921</u>	<u>4</u>	<u>76,853</u>
Total investments measured at fair value	<u>255,382</u>	<u>921</u>	<u>22,927</u>	<u>279,230</u>

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B11. FAIR VALUE MEASUREMENT OF INVESTMENTS (continued)**

The following tables show the Group's investments which are measured at fair value analysed by the various level within the fair value hierarchy: (continued)

At 31 December 2019 (Audited)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investments at FVTPL:				
Equity securities quoted in Malaysia	10,572	-	-	10,572
Equity securities quoted outside Malaysia	59,883	-	-	59,883
Equity securities unquoted outside Malaysia	-	-	22,565	22,565
Unit trusts quoted in Malaysia	2,308	-	-	2,308
	72,763	-	22,565	95,328
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	52,150	-	-	52,150
Corporate debt securities quoted outside Malaysia	4,193	-	-	4,193
Equity securities quoted outside Malaysia	25,073	1,030	-	26,103
Equity securities unquoted outside Malaysia	-	-	3	3
	81,416	1,030	3	82,449
Total investments measured at fair value	154,179	1,030	22,568	177,777

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There was no transfer among Level 1, 2 and 3 during the financial year ended 31 December 2020.

The following table shows the movement in Level 3 investments for the current financial year ended 31 December 2020:

	Unquoted equity securities	
	FVTPL RM'000	FVOCI RM'000
At 1 January 2020	22,565	3
Fair value gain recorded in profit or loss	509	-
Currency translation difference	(151)	1
At 31 December 2020	22,923	4

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B12. CORPORATE PROPOSALS

- (a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 (“PN17”) of the MMLR of Bursa Securities whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of MMLR, such as consolidated shareholders’ equity of 25% or less of the issued and paid up share capital, a default in payment by the Group, the auditors having expressed an adverse or disclaimer opinion on the Company’s latest audited accounts, etc.

Pursuant to Paragraph 8.04(3) of the MMLR, the Company is required to regularise its condition by undertaking a regularisation plan. The regularisation plan was required to be submitted to Bursa Securities on 30 September 2012, and was subsequently extended to 31 October 2020 via Bursa Securities’ letters dated 6 November 2020, 5 May 2020, 20 November 2019, 17 May 2019, 30 October 2018, 27 June 2018, 12 January 2018, 18 July 2017, 16 February 2017, 21 July 2016, 18 February 2016, 4 August 2015, 23 March 2015, 21 October 2014, 11 March 2014, 1 August 2013 and 20 December 2012.

The extension of time of up to 30 April 2021 for the Company to submit a regularisation plan is without prejudice to Bursa Securities’ right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

- (i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 30 April 2021;
- (ii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of the Company on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company’s right to appeal against the delisting.

The Company had on 24 November 2020 submitted an application to Bursa Securities in relation to a waiver from having to comply with Paragraph 8.04 and PN17 of the Listing Requirements. MAAG will make the necessary announcements in due course if there are further developments in relation to the said application.

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B12. CORPORATE PROPOSALS (continued)

- (b) On 13 September 2019, Edumaax Sdn Bhd (“Edumaax”), a wholly-owned subsidiary of MAA Corporation Sdn Bhd, which in-turn is a wholly-owned subsidiary of the Company had entered into a share purchase agreement (“SPA”) with HELP International Corporation Berhad (“Vendor”) for acquisition of 30,259,564 ordinary shares representing 100% equity interest in HELP College of Arts and Technology Sdn Bhd (“HCAT”) (now known as Imperium Edumaax Sdn Bhd (“Imperium Edumaax”)) for a total purchase consideration of RM5,500,000 (“Acquisition of HCAT”).

However, the SPA was rescinded pursuant to Clause 3A.2 of the SPA on 24 June 2020 in view that the post conditions under the SPA were not fulfilled by the Vendor by the deadline of 12 January 2020 and there was no mutual agreement between the Vendor and Edumaax to extend the said deadline.

Subsequently, Edumaax and the Vendor had, on 20 July 2020, entered into a new Share Purchase Agreement (“SPA dated 20 July 2020”) with the Vendor for the Acquisition of HCAT for the purchase consideration of RM2,000,000 only.

On 8 September 2020, Jabatan Pendidikan Tinggi, Ministry of Education (“JPT”) had approved the change in shareholdings, shareholders and directors in HCAT (now known as Imperium Edumaax). Upon obtaining the said JPT approval, the HCAT shares have on 26 October 2020 officially transferred to Edumaax.

- (c) MAA Corporation Sdn Bhd (“MAA Corp”), which is a wholly owned subsidiary of the Company had on 27 October 2020 entered into a Partnership Interest Subscription (“PISA”) with MircoLEAP PLT (“MircoLEAP) and all the Existing Partners for the subscription of 35.20% interest in MircoLEAP for a total consideration of RM1,250,000 (“Proposed Subscription”) subject to further terms and conditions stipulated in the PISA.

The Proposed Subscription will enable MAAG Group to diversify into peer-to-peer financing business in Malaysia which is expected to be a high yielding business and to assist in alleviating the financing gap encountered by both the mirco, small and medium enterprises.

This will be in line with the MAAG Group’s aspiration to diversify its income stream.

Other than as stated above, there was no corporate proposal announced but not completed as at the reporting date.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B13. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS**

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow:

(a) Disposal of MAA Takaful Berhad ("MAA Takaful") on 30 September 2016

	Purpose	Revised Utilisation	Actual Proceeds Received	Further Revised Utilisation	Deviation	Further Revised Utilisation (After Deviation)	Further Revised Timeframe For Utilisation	Actual Utilisation	Further Revised Remaining Unutilised Proceeds
		RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
(i)	Future investment opportunity(ies)/Prospective new business(es) to be acquired ^(N4)	68,250 93,750	68,250 ^(N2) 88,623	- 70,127	- -	- 70,127	Within 24 months from the EGM held on 30 June 2020	-	70,127
(ii)	Working capital	30,854	30,854	84,435	^(N7) 3,500	87,935	Within 24 months from the EGM held on 30 June 2020	86,050	1,885
(iii)	Payment of dividends to shareholders for the FYE 2017	8,207	8,207	8,207	-	8,207	Utilised	8,207	-
(iv)	Payment of dividends to shareholders	32,822	32,822	32,822	-	32,822	Within 24 months from the EGM held on 30 June 2020	16,411	16,411
(v)	Acquisition of HCAT ^(N6) , Acquisition of Scholastic IB International Sdn Bhd ("SIB") and Subscription of Shares in Altech Chemicals Limited ("Altech")	-	-	38,292	^(N6) (3,500)	34,792	Within 18 months from the EGM held on 30 June 2020	30,958	^(N3) 3,834
	Total	^(N1) 233,883	228,756	^(N5) 233,883	-	233,883		141,626	92,257

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B13. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow: (continued)

(a) Disposal of MAA Takaful Berhad (“MAA Takaful”) on 30 September 2016 (continued)

^(N1) Revised utilisation approved by shareholders during the EGM held on 5 June 2018.

^(N2) Of the RM93,750,000 balance sale consideration of MAA Takaful retained by Zurich Insurance Company Ltd (“Zurich”), the Company received RM88,623,399.52 from Zurich on 1 July 2019 net of Zurich’s claims of RM5,126,600.48.

^(N3) RM5.0 million of the purchase consideration for SIB and its subsidiaries has been withheld by the Company pending fulfillment of RM5.0 million profit guarantees for financial years ended 31 December 2019 and ending 31 December 2020 cumulatively by the sellers. On 17 July 2020, the Group paid RM1,166,054 for achieving partial yearly profit guarantee for financial year ended 31 December 2019.

^(N4) As disclosed in the Circular to Shareholders in relation to the disposal of MAA Takaful dated 6 June 2016, the actual proceeds of RM156.8 million is allocated for the Company to acquire future investment opportunity(ies)/prospective new business(es) to enhance its earning profile, regulate its financial conditions and address the PN17 status.

^(N5) Further revised utilisation approved by shareholders during the EGM held on 30 June 2020.

^(N6) As disclosed in the Note B12(b) of this Interim Reports, the appointed lawyer of the Vendor returned the excess purchase consideration of RM3.5 million as result of the reduced purchase consideration pursuant to the SPA dated 20 July 2020.

^(N7) The deviation of RM3.5 million will be allocated for the working capital requirement of Imperium Edumaax (formerly known as HCAT).

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B13. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)**

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow: (continued)

(b) Disposal of Columbus Capital Pty Limited ("CCA") on 27 December 2018

	Purpose	Proposed Utilisation	Actual Utilisation	Timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	59,520	^(N8) 18,847	No time limit specified	-	-
	Total	^(N9) 59,520	18,847		-	-

^(N8) (i) Acquisition of a loan equivalent to RM14.3 million (at the exchange rate of USD1.00: RM4.0316) and other related professional fees incurred. This loan is secured by mortgage which was valued approximately 2.5 times above the debt; and

(ii) Investment in 35.20% interest in MircoLEAP for a total consideration of RM1,250,000 as disclosed in Note B12(c) of these Interim Reports.

^(N9) Based on the exchange rate of USD1.00: RM4.0316.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B14. BORROWINGS AND DEBT SECURITIES**

The Group has no outstanding borrowings and debt securities as at the end of the financial year ended 31 December 2020.

B15. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group and the Company as at the reporting date.

B16. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the financial year ended 31 December 2020 (31 December 2019: 6 sen) in respect for the financial year ended 31 December 2020.

B17. BASIC EARNING/(LOSS) PER ORDINARY SHARE

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<u>Attributable to the Owners of the Company:</u>				
Net profit /(loss) for the financial quarter/year (RM'000)	24,355	(26,258)	39,789	(31,127)
Weighted average number of ordinary shares in issue ('000)	272,577	273,462	268,468	273,462
Basic earnings/(loss) per ordinary share (sen)	8.94	(9.60)	14.82	(11.42)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2020**B18. PRIOR YEARS ADJUSTMENT**

During the current financial year ended 31 December 2020, MAAGAP, a general insurance subsidiary of the Group restated certain liabilities, resulting in a decrease in accounts payable and other liabilities and an increase in retained earning amounting to PHP208 million (equivalent to RM16,772,000) as at 1 January 2019. The restatement was made to reverse the excess of certain liabilities over actual payments in prior years and to correct the improper recognition of certain liabilities recorded upon the issuance of the insurance policies. The restatement did not have an impact on the statement of profit or loss, statement of comprehensive income and statement of cashflow for the financial year ended 31 December 2020.

The following tables disclose the prior year adjustment (“PYA”) effects of the restatement to each of the line items on the Group’s statements of financial position at 1 January 2019 and 31 December 2019:

	As at 1 January 2019		
	As previously stated	Effects of restatement	Restated balance
	RM’000	RM’000	RM’000
<u>Liabilities</u>			
Trade and other payables	56,436	(16,772)	39,664
<u>Equity</u>			
Retained earnings	236,931	16,772	253,703
	31 December 2019		
	As previously stated	Effects of restatement	Restated balance
	RM’000	RM’000	RM’000
<u>Liabilities</u>			
Trade and other payables	91,186	(16,772)	74,414
<u>Equity</u>			
Retained earnings	188,396	16,772	205,168

B19. AUDITOR’S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor’s report on the audited annual financial statements for the financial year ended 31 December 2019 was not qualified.

By Order of the Board

Lily Yin Kam May
Company Secretary

KUALA LUMPUR
DATE: 26 FEBRUARY 2021