

MAA GROUP BERHAD

Registration No. 199801015274 (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021

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 in Malaysia, where applicable. 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 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 2020. 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 2020.

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 2020, 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 2021:

- Amendment to MFRS 16 '*Leases*' – *Covid-19-Related Rent Concessions*
- Amendments to MFRS 9 '*Financial Instruments*', MFRS 139 '*Financial Instruments: Recognition and Measurement*', MFRS 7 '*Financial Instruments: Disclosures*', MFRS 4 '*Insurance Contracts*' and MFRS 16 '*Leases*' – *Interest Rate Benchmark Reform – Phase 2*

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.

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

Effective for financial periods beginning on or after 1 April 2021

- Amendment to MFRS 16 *Leases* - Covid-19 - Related Rent Concessions beyond 30 June 2021

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A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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*
- Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' – *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRSs 2018 – 2020 Cycle
 - MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
 - MFRS 9 'Financial Instruments'
 - Illustrative Examples accompanying MFRS 16 'Leases'
 - MFRS 114 'Agriculture'

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 'Insurance Contracts'
- Amendments to MFRS 17 'Insurance Contracts'
- Amendments to MFRS 101 'Presentation of Financial Statements' - *Classification of liabilities as current or non-current*
- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' - *Definition of Accounting Estimates*

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. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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 period ended 31 March 2021.

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A5. CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect during the current financial quarter and period ended 31 March 2021.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 31 March 2021.

A7. DIVIDEND PAID

There was no interim dividend paid by the Company during the current financial quarter and period ended 31 March 2021 in respect of the financial year ending 31 December 2021.

A8. SEGMENTAL INFORMATION

The following summary describes the operations in each of the Group's operating segments:

- Investment Holdings – investment holding
- General Insurance business - underwriting of all classes of general insurance business
- Education Services – provision of education services and operation of tuition centers
- Credit Services – provision of money lending, debt factoring and other credit activities

The Group's Other segments comprise of advisory and consultancy services of hotel management, operators of hotel accommodation, food and beverage, operators of short-term property accommodation, logistics and dispatch, and the provision of property management, design and renovation services, none of which has 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.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**A8. SEGMENTAL INFORMATION** (continued)3 months period ended 31 March 2021

	Investment Holdings	General Insurance	Education Services	Credit Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	639	45,345	6,572	2,991	2,708	58,255
Net earned premiums	-	27,909	-	-	-	27,909
Investment income	490	802	-	-	-	1,292
Interest income	90	2,121	79	2,991	10	5,291
Realised gains and losses – net	3,527	697	-	-	-	4,224
Fair value gains and losses - net	6,183	(3,425)	-	-	(25)	2,733
Commission income	-	696	-	-	-	696
Other operating revenue from non-insurance businesses	59	-	6,493	-	2,698	9,250
Other operating income/(expenses) – net	1,961	52	212	(26)	419	2,618
Net claims incurred	-	(6,196)	-	-	-	(6,196)
Commission expenses	-	(9,936)	-	-	-	(9,936)
Management expenses	(4,334)	(3,806)	(8,497)	(492)	(5,669)	(22,798)
Finance costs	(53)	(11)	(119)	-	(53)	(236)
Profit/(loss) before taxation before share of loss of associates	7,923	8,903	(1,832)	2,473	(2,620)	14,847
Share of loss of associates	(28)	-	-	-	(1)	(29)
Profit/(loss) before taxation	7,895	8,903	(1,832)	2,473	(2,621)	14,818

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	Investment Holdings	General Insurance	Education Services	Credit Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,739	43,344	7,688	926	13	53,710
Net earned premiums	-	28,950	-	-	-	28,950
Investment income	264	634	-	-	-	898
Interest income	1,416	2,225	109	926	12	4,688
Realised gains and losses – net	(4,290)	379	9	-	-	(3,902)
Fair value gains and losses - net	(15,617)	(5,683)	-	-	51	(21,249)
Commission income	-	442	-	-	-	442
Other operating revenue from non-insurance businesses	59	-	7,579	-	1	7,639
Other operating (expenses)/income – net	(1,955)	(7)	542	(2,162)	(33)	(3,615)
Net claims incurred	-	(13,072)	-	-	-	(13,072)
Commission expenses	-	(9,655)	-	-	-	(9,655)
Management expenses	(4,085)	(4,448)	(9,284)	(1,283)	(376)	(19,476)
Finance costs	(15)	(15)	(177)	-	(5)	(212)
Loss before taxation	(24,223)	(250)	(1,222)	(2,519)	(350)	(28,564)

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A8. SEGMENTAL INFORMATION (continued)

	Investment Holdings	General Insurance	Education Services	Credit Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Assets</u>						
At 31 March 2021	263,973	446,435	87,066	67,686	31,488	896,648
At 31 December 2020 (Audited)	276,617	434,972	80,952	59,817	28,173	880,531
<u>Segment Liabilities</u>						
At 31 March 2021	13,913	291,182	34,686	410	16,963	357,154
At 31 December 2020 (Audited)	15,211	286,389	31,967	890	17,056	351,513

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A9. MATERIAL EVENT AFTER THE REPORTING PERIOD

There was no material event subsequent to the end of the current financial period ended 31 March 2021 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 8 January 2021, Hospitality 360 Sdn Bhd (“H360”), a sub-subsidiary of the Company acquired 140,000 ordinary shares representing 14% of the share capital of Trinidad Signature Suites Sdn Bhd (“TSSSB”) from Dato’ Indera Naresh Mohan for a total consideration of RM10. With the said acquisition, H360’s equity interest in TSSSB increased from 51% to 65%.
- (b) On 20 January 2021, H360 via its subsidiary, TSSSB acquired 100 ordinary shares representing 100% of the share capital of NS Global Management Sdn Bhd from Rajes M. Daswani and NS Global Assets Sdn Bhd respectively for a total consideration of RM100.
- (c) On 4 February 2021, MAA Credit Berhad, a wholly owned sub-subsidiary of the Company acquired 11,000 ordinary shares representing 11% of the share capital of MAA Bancwell Trustee Berhad (“MAA Bancwell”) from Melewar Group Berhad for a total consideration of RM7,000. With this acquisition, the Group’s equity interest in MAA Bancwell increased from 49% to 60%, making MAA Bancwell a subsidiary of the Group.
- (d) On 23 March 2021, H360 subscribed 999,900 ordinary shares at an issue price of RM1 each in the capital of Trisend Logistic Technologies Sdn Bhd (“TLTSB”) for a total consideration of RM999,900. With the said subscription, H360’s equity interest in TLTSB increased from 55% to 99.99%.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current financial period ended 31 March 2021. As at 31 March 2021, the Group’s property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group were carried at revalued amount at the financial year ended 31 December 2020. These revalued amounts have been carried forward to the current financial period ended 31 March 2021.

A13. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at the end of the financial period ended 31 March 2021.

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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 31.3.2021	As at 31.12.2020
	RM'000	RM'000
Property, plant and equipment		
- Furniture, fitting and equipment	-	32
- Renovation	-	19
	-	51

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 Main Market Listing Requirements of Bursa Securities.

A16. 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.
- 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.

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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 March 2021

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Investments at FVTPL:				
Equity securities quoted in Malaysia	16,302	-	-	16,302
Equity securities quoted outside Malaysia	145,451	-	-	145,451
Equity securities unquoted outside Malaysia	-	-	23,239	23,239
Unit trusts quoted in Malaysia	2,409	-	-	2,409
Unit trusts quoted outside Malaysia	4,221	-	-	4,221
	168,383	-	23,239	191,622
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	60,433	-	-	60,433
Corporate debt securities quoted outside Malaysia	1,172	-	-	1,172
Equity securities quoted outside Malaysia	29,845	1,067	-	30,912
Equity securities unquoted in Malaysia	-	-	100	100
Equity securities unquoted outside Malaysia	-	-	43	43
	91,450	1,067	143	92,660
Total investments measured at fair value	259,833	1,067	23,382	284,282

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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 2020 (Audited)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total 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 in Malaysia	-	-	100	100
Equity securities unquoted outside Malaysia	-	-	43	43
	<u>75,928</u>	<u>921</u>	<u>143</u>	<u>76,992</u>
Total investments measured at fair value	<u>255,382</u>	<u>921</u>	<u>23,066</u>	<u>279,369</u>

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 period ended 31 March 2021.

The following table shows the movement in Level 3 investments for the current financial period ended 31 March 2021:

	Unquoted equity securities	
	FVTPL RM'000	FVOCI RM'000
At 1 January 2021	22,923	143
Fair value loss recorded in profit or loss	(360)	-
Currency translation difference	676	-
At 31 March 2021	<u>23,239</u>	<u>143</u>

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**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 March 2021 ("1Q-2021") against preceding year's corresponding financial quarter ended 31 March 2020 ("1Q-2020")**Group

Key financial performance	1Q-2021	1Q-2020
	RM'000	RM'000
Operating revenue	58,255	53,710
Profit/(loss) before taxation	14,818	(28,564)

The Group recorded a total operating revenue of RM58.3 million in 1Q-2021, an increase of RM4.6 million compared to RM53.7 million in 1Q-2020. The increase was mainly due from higher gross earned premiums of RM42.4 million (1Q-2020: RM40.5 million) recorded by the General Insurance business, higher investment and interest income of RM6.6 million (1Q-2020: RM5.6 million) and higher other operating revenue from non-insurance businesses of RM9.3 million (1Q-2020: RM7.6 million).

In 1Q-2021, the Group recorded a Profit before taxation ("PBT") of RM14.8 million as compared to Loss before taxation ("LBT") of RM28.6 million in 1Q-2020. The profit was mainly contributed by PBT of RM7.9 million (1Q-2020: LBT of RM24.2 million) from the Investment Holdings segment, PBT of RM8.9 million (1Q-2020: LBT of RM250,000) from the General Insurance business and PBT of RM2.5 million (1Q-2020: LBT of RM2.5 million) from the Credit Services segment; however these profits were offset by LBT of RM1.8 million (1Q-2020: LBT of RM1.2 million) from the Education Services segment and LBT of RM2.6 million (1Q-2020: LBT of RM0.4 million) from Other segments.

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B1. REVIEW OF GROUP PERFORMANCE (continued)**Current financial quarter ended 31 March 2021 ("1Q-2021") against preceding year's corresponding financial quarter ended 31 March 2020 ("1Q-2020")** (continued)Investment Holdings

Key financial performance	1Q-2021	1Q-2020
	RM'000	RM'000
Operating revenue	639	1,739
Profit/(loss) before taxation	7,895	(24,223)

Investment Holdings segment's operating revenue for 1Q-2021 decreased by RM1.1 million to RM0.6 million from RM1.7 million in 1Q-2020 mainly due to lower investment and interest income earned.

In 1Q-2021, the Investment Holdings segment recorded a PBT of RM7.9 million as compared to LBT of RM24.2 million in 1Q-2020. Despite lower operating revenue recorded, the profit was mainly attributed to improvement in investment performance with net fair value gains on equity investments classified at FVTPL of RM6.2 million as compared to losses of RM15.6 million in 1Q-2020 and realised gains from disposal of equity investments of RM3.5 million as compared to losses of RM4.3 million in 1Q-2020.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B1. REVIEW OF GROUP PERFORMANCE** (continued)**Current financial quarter ended 31 March 2021 ("1Q-2021") against preceding year's corresponding financial quarter ended 31 March 2020 ("1Q-2020")** (continued)General Insurance

The Group's General Insurance business in the Philippines held via subsidiary, MAA General Philippines, Inc. ("MAAGAP") is principally engaged in underwriting general insurance businesses.

Key financial performance	1Q-2021		1Q-2020	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	544,135	45,620	456,254	37,113
Underwriting surplus	148,672	12,473	80,675	6,665
Investment income	9,541	802	7,698	634
Interest income	25,272	2,121	27,212	2,225
Claim ratio in %	22.2%	22.2%	45.2%	45.2%
Commission ratio in %	29.7%	29.7%	35.0%	35.0%
Profit/(loss) before taxation	105,306	8,903	(3,495)	(250)
Range of currency exchange rate	1RM = 11.71 to 12.00PHP		1RM = 11.81 to 12.48PHP	

GPW increased by 19.3% to PHP544.1 million in 1Q-2021 from PHP456.3 million in 1Q-2020, attributed mainly by increase in the production of both motor and non-motor classes of business. Motor classes recorded an increase in GPW of 2.6% to PHP192.3 million (1Q-2020: PHP187.6 million); whilst non-motor classes recorded a 30.9% increase in GPW to PHP351.8 million (1Q-2020: PHP268.7 million).

In 1Q-2021, MAAGAP recorded a PBT of PHP105.3 million as compared to LBT of PHP3.5 million in 1Q-2020. The profit was mainly contributed by higher underwriting surplus of PHP148.7 million with lower claim ratio of 22.2%, compared to PHP80.7 million with claim ratio of 45.2% in 1Q-2020. MAAGAP has also registered higher realised gains from disposal of investments of PHP8.3 million (1Q-2020: PHP4.7 million), lower net fair value losses of PHP40.7 million (1Q-2020: PHP69.0 million) on equity investments classified at FVTPL and lower management expenses of PHP46.3 million (1Q-2020: PHP54.5 million).

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Education Services comprised of the following business units:

- Edumaax Sdn Bhd and Kasturi Academy Sdn Bhd ("Kasturi Group") – offers private tuition for Malaysia National secondary school 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") – operates international school and offers primary and secondary education and private tuition for Cambridge, IGCSE O-Level and A-Level programmes; and
- Imperium Edumaax Sdn Bhd ("Imperium Edumaax") (formerly known as HELP College of Arts and Technology Sdn Bhd ("HCAT")) – offers tertiary education for foundations, certificates, diplomas, bachelor degrees and professional accountancy qualifications. Imperium Edumaax (formerly known as HCAT) is also a HRDF-registered training provider offering a suite of continuous professional development and training programmes.

Key financial performance	1Q-2021	1Q-2020
	RM'000	RM'000
Operating revenue	6,572	7,688
Loss before taxation	(1,832)	(1,222)

Key financial performance by business units

	1Q-2021				1Q-2020			
	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	254	5,150	1,168	6,572	601	4,636	2,451	7,688
(Loss)/ profit before taxation	(715)	874	(1,991)	(1,832)	54	182	(1,458)	(1,222)

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 March 2021 ("1Q-2021") against preceding year's corresponding financial quarter ended 31 March 2020 ("1Q-2020") (continued)

Education Services (continued)

(i) Kasturi Group

Kasturi Group's operating revenue for 1Q-2021 decreased by RM0.3 million to RM0.3 million from RM0.6 million in 1Q-2020 mainly due to lower students' enrolment. Following Movement Control Order ("MCO") announcement by government in January 2021, tuition centres were only allowed to conduct online classes but some students may prefer physical classes over online classes.

In 1Q-2021, Kasturi Group recorded a higher LBT of RM0.7 million as compared to PBT of RM54,000 in 1Q-2020 mainly due to lower operating revenue.

(ii) SJI Group

SJI Group's operating revenue for 1Q-2021 increased by RM0.5 million to RM5.1 million from RM4.6 million in 1Q-2020 mainly due to higher revenue from primary education. Primary education only started last year and has been building up its presence gradually in the market.

With the higher operating revenue recorded and better cost control measures, SJI Group recorded an increase of PBT by RM0.7 million to RM0.9 million in 1Q-2021 from RM0.2 million in 1Q-2020.

(iii) Imperium Edumaax (formerly known as HCAT)

In 1Q-2021, Imperium Edumaax (formerly known as HCAT) recorded lower operating revenue of RM1.2 million as compared to RM2.5 million in 1Q-2020 mainly due to lower students' enrolment in first quarter's intake ascribed to postponement of Sijil Pelajaran Malaysia ("SPM") examination to February 2021 amid to the pandemic situation, hence resulting delayed enrollment by form 5 graduates to tertiary education.

Imperium Edumaax (formerly known as HCAT) recorded a higher LBT of RM2.0 million in 1Q-2021 as compared to LBT of RM1.5 million in 1Q-2020 mainly due to lower operating revenue.

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The Group's Credit Services segment is principally engaged in provision of money lending, debt factoring and other credit activities through MAA Credit Berhad and Maax Factor Sdn Bhd.

Key financial performance	1Q-2021	1Q-2020
	RM'000	RM'000
Operating revenue	2,991	926
Profit/(loss) before taxation	2,473	(2,519)

In 1Q-2021, the Credit Services segment's operating revenue increased by RM2.1 million to RM3.0 million from RM0.9 million in 1Q-2020 mainly due to higher income from debt factoring business of RM2.7 million (1Q-2020: RM0.8 million) and interest income of RM0.3 million (1Q-2020: RM0.1 million) from term loans and other credit activities.

The Credit Services segment recorded a PBT of RM2.5 million as compared to LBT of RM2.5 million in 1Q-2020 mainly due to higher operating revenue and lower allowance for expected credit loss made.

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(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION FOR THE QUARTER REPORTED ON AS COMPARED WITH THE PRECEDING QUARTER

For the current financial quarter ended 31 March 2021 ("1Q-2021"), the Group recorded a lower PBT of RM14.8 million as compared to PBT of RM18.1 million in the preceding financial quarter ended 31 December 2020 ("4Q-2020"). In spite of higher gross earned premiums, lower claim incurred and lower management expenses recorded in 1Q-2021, the lower profit was mainly due to lower net fair value gains of RM2.7 million (4Q-2020: RM19.1 million) from equity investments classified at FVTPL and lower gains from disposal of investments of RM4.2 million (4Q-2020: RM7.3 million).

B3. PROSPECTS

The Group's outlook for 2021 amidst the COVID-19 pandemic is motivated by Bank Negara Malaysia's recent announcement that Malaysia's Gross Domestic Product ("GDP") is poised to grow between 6 % to 7.5% in 2021. Likewise, the Governor of Philippines Central Bank has also announced that Philippines will end 2021 with a GDP rate of 6.5% to 7.5%.

The Group expects the General Insurance business in the Philippines to continue with premium growth and improved profit margins in 2021 and MAAGAP being the main revenue contributor to the Group. In spite of the challenges the insurance industry continues to face as a result of the COVID-19 pandemic and barring other unforeseen circumstances like natural disasters which Philippines is most vulnerable to and the market driven stock performance, MAAGAP remains optimistic for 2021. The Group expects MAAGAP to improve its financial performance in 2021 by capturing a wider market share in the Philippines through agencies expansion, venture to innovative digital transformation and management efficiency while preserving its prudent selection of risk and underwriting principles.

Moving forward, 2021 will be a challenging year for the Group's Education Services business. The Education Services' operating units namely Kasturi Group, SJI Group and Imperium Edumaax (formerly known as HCAT) will continue to intensify their marketing efforts to increase student enrolment, diversify program offerings and continue with cost control measures.

The Group is seeking to grow its money lending business and SME debt factoring business, given that SMEs account for approximately 95% of businesses in Malaysia, and cuts across all sizes and sectors. This translates to approximately 1 million SMEs in Malaysia, which contribute to more than 30% of GDP and are mostly under-served by the banking sector.

Although the global economic outlook for 2021 continues to be cautious with the COVID-19 pandemic, this situation however is being mitigated by various countries through containment measures and the recent announcements of the roll out of vaccination programme.

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 PERIOD ENDED 31 MARCH 2021**B5. INVESTMENT INCOME**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	6	106	6	106
Investments at FVTPL				
Dividend income				
- Equity securities quoted in Malaysia	186	60	186	60
- Equity securities quoted outside Malaysia	661	328	661	328
	847	388	847	388
Investments at FVOCI				
Dividend income				
- Equity securities quoted outside Malaysia	439	404	439	404
	1,292	898	1,292	898

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B6. INTEREST INCOME**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Investments at FVOCI				
Interest income				
- Government debt securities quoted outside Malaysia	341	520	341	520
- Corporate debt securities quoted outside Malaysia	13	37	13	37
	354	557	354	557
Investments at AC				
Interest income				
- Government debt securities quoted outside Malaysia	183	144	183	144
- Corporate debt securities quoted outside Malaysia	1,567	1,477	1,567	1,477
- Private trust fund unquoted in Malaysia	-	7	-	7
- Private trust fund unquoted outside Malaysia	2	2	2	2
	1,752	1,630	1,752	1,630
Interest income from:				
- staff loans	1	1	1	1
- associates	12	49	12	49
- fixed and call deposits	183	1,552	183	1,552
	196	1,602	196	1,602
Interest income from:				
- debt factoring business	2,665	787	2,665	787
- loans from money lending and other credit activities	324	112	324	112
	2,989	899	2,989	899
	5,291	4,688	5,291	4,688

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B7. REALISED GAINS AND LOSSES - NET**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains from disposal of property, plant and equipment	(18)	9	(18)	9
Investments at FVTPL				
Net realised gains/(losses)				
- Equity securities quoted in Malaysia	634	(394)	634	(394)
- Equity securities quoted outside Malaysia	3,550	(4,122)	3,550	(4,122)
	4,184	(4,516)	4,184	(4,516)
Investments at FVOCI				
Net realised gains/(losses)				
- Government debt securities quoted outside Malaysia	58	613	58	613
- Corporate debt securities quoted outside Malaysia	-	(8)	-	(8)
	58	605	58	605
	4,224	(3,902)	4,224	(3,902)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B8. FAIR VALUE GAINS AND LOSSES - NET**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
Investments at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	(2,705)	(2,506)	(2,705)	(2,506)
- Equity securities quoted outside Malaysia	5,823	(15,688)	5,823	(15,688)
- Equity securities unquoted outside Malaysia	(360)	(3,106)	(360)	(3,106)
- Unit trusts quoted in Malaysia	(25)	51	(25)	51
	2,733	(21,249)	2,733	(21,249)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B9. PROFIT/(LOSS) BEFORE TAXATION FOR THE FINANCIAL QUARTER AND PERIOD**

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/write back of impairment loss on:				
- investments at AC	134	(10)	134	(10)
- amounts due from associates	-	(1,846)	-	(1,846)
- cash and cash equivalents	(19)	(17)	(19)	(17)
- insurance receivables	13	(166)	13	(166)
- trade and other receivables	(130)	49	(130)	49
- factoring receivables	(207)	(1,104)	(207)	(1,104)
- loans from money lending and other credit activities	(51)	(2,162)	(51)	(2,162)
Realised foreign exchange gains– net	349	601	349	601
Unrealised foreign exchange gains/(losses) - net	1,200	(201)	1,200	(201)
Depreciation of property, plant and equipment	(1,035)	(676)	(1,035)	(676)
Depreciation of right-of-use assets	(2,495)	(2,049)	(2,495)	(2,049)
Amortisation of intangible assets	(37)	(38)	(37)	(38)

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B10. TAXATION**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
<u>Current tax</u>				
Current financial quarter/period	4,063	1,417	4,063	1,417
<u>Deferred tax</u>				
Origination and reversal of temporary differences	3,013	527	3,013	527
Tax expense	7,076	1,944	7,076	1,944

For the current financial quarter and period ended 31 March 2021, the Group's effective tax rate was higher than the statutory tax rate mainly due to certain expenses being not deductible for tax purposes.

Even though the Group recorded a loss in the previous year's corresponding financial quarter and period ended 31 March 2020, provision for taxation was made mainly due to certain expenses including the fair value losses on investments that are not deductible for tax purposes.

B11. CORPORATE PROPOSALS

On the PN17 status of the Company, the Company had on 24 November 2020 submitted an application to Bursa Securities for a waiver from having to comply with Paragraph 8.04(3)(a) and Practice Note 17 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities had, vide its letter dated 25 March 2021, decided to grant the Company a waiver from complying with Paragraph 8.04(3)(a) of the Main Market Listing Requirements. With the waiver being granted, MAAG was uplifted from being classified as a PN17 Company effective from 26 March 2021.

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 PERIOD ENDED 31 MARCH 2021**B12. 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 ^(N1)	Actual Proceeds Received	Further Revised Utilisation ^(N4)	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 ^(N3)	68,250 93,750	68,250 ^(N2) 88,623	- 70,127	- ^(N7) (5,307)	- 64,820	Within 24 months from the EGM held on 30 June 2020	-	64,820
(ii)	Working capital	30,854	30,854	84,435	^{(N5), (N6)} 9,115	93,550		Within 24 months from the EGM held on 30 June 2020	93,550
(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 ^(N5) , Acquisition of Scholastic IB International Sdn Bhd ("SIB") ^(N6) and Subscription of Shares in Altech Chemicals Limited ("Altech")	-	-	38,292	^{(N5), (N6)} (3,808)	34,484	Within 18 months from the EGM held on 30 June 2020	34,484	-
	Total	233,883	228,756	233,883	-	233,883		152,652	81,231

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021

B12. 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) As disclosed in the Circular to Shareholders in relation to the disposal of MAA Takaful dated 6 June 2016, the actual proceeds of RM156.9 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.
- ^(N4) Further revised utilisation approved by shareholders during the EGM held on 30 June 2020.
- ^(N5) Pursuant to the new Share Purchase Agreement ("SPA dated 20 July 2020") entered by Edumaax Sdn Bhd and HELP International Corporation Berhad ("Vendor") in relation to the acquisition of HELP College of Arts and Technology Sdn Bhd ("HCAAT") (now known as Imperium Edumaax Sdn Bhd ("Imperium Edumaax") ("Acquisition for HCAAT"), the purchase consideration had reduced to RM2.0 million. The appointed lawyer of the Vendor refunded the excess purchase consideration of RM3.5 million.

The excess purchase consideration of RM3.5 million had been allocated and utilised for the working capital requirement of Imperium Edumaax.

- ^(N6) RM5.0 million of the purchase consideration for SIB and its subsidiaries was withheld by the Company pending fulfillment of RM5.0 million profit guarantees for financial years ended 31 December 2019 and 31 December 2020 cumulatively by the sellers. On 17 July 2020 and 22 March 2021, the Group had paid RM1.2 million and RM3.5 million to the sellers upon achieving profit guarantee for financial years ended 31 December 2019 and 31 December 2020 respectively.

The balance purchase consideration of RM0.3 million had been allocated for the working capital requirement of the Company.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B12. 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)

^(N7) The Company had allocated and utilised an amount totaling RM5.3 million for the following businesses via capital injections and advances to MAA Credit Berhad and Maax Factor Sdn Bhd:

- Money lending : RM1.0 million
- Factoring : RM4.3 million

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

	Purpose	Proposed Utilisation	Deviation	Revised Utilisation (After Deviation)	Timeframe for utilisation	Actual Utilisation	Remaining Unutilised Proceeds
		RM'000	RM'000	RM'000		RM'000	RM'000
(i)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	59,520	(9,821)	49,699	No time limit specified	^(N9) 20,663	29,036
(ii)	Working Capital	-	^(N8) 9,821	9,821		9,821	-
	Total	59,520	-	59,520		30,484	29,036

^(N8) Capital injections and advances to subsidiaries, namely Imperium Edumaax, MAA Corporation Sdn Bhd, Kasturi Academy Sdn Bhd, Hospitality 360 Sdn Bhd and Edumaax Sdn Bhd totaling RM9.8 million for working capital requirements.

- ^(N9) (i) Acquisition of a loan of Euro3,160,000 (equivalent to RM14.6 million) 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 MicroLEAP PLT for a total consideration of RM1,250,000.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2021**B13. BORROWINGS AND DEBT SECURITIES**

The Group has no outstanding borrowings and debt securities as at the end of the financial period ended 31 March 2021.

B14. CHANGES IN MATERIAL LITIGATION

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

B15. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the financial period ended 31 March 2021 (31 March 2020: Nil) in respect for the financial year ending 31 December 2021.

B16. BASIC EARNING/(LOSS) PER ORDINARY SHARE

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
<u>Attributable to the Owners of the Company:</u>				
Net profit /(loss) for the financial quarter/period (RM'000)	9,021	(30,497)	9,021	(30,497)
Weighted average number of ordinary shares in issue ('000)	268,119	273,362	268,119	273,362
Basic earnings/(loss) per ordinary share (sen)	3.36	(11.16)	3.36	(11.16)

B17. 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 2020 was not qualified.

By Order of the Board

Lily Yin Kam May
Company Secretary

KUALA LUMPUR
DATE: 31 MAY 2021