

MAA GROUP BERHAD (“MAAG” or “the Company”)

Registration No. 199801015274 (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

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 Malaysian Financial Reporting Standard (“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.

As announced on 22 June 2021, the Company had changed its financial year end from 31 December to 30 June. Accordingly, the next set of audited financial statements of the Company for the current financial period covers a period of eighteen (18) months from 1 January 2021 to 30 June 2022.

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 published standards and interpretations that are effective for annual period beginning on or after 1 January 2021 and 1 July 2021

- Amendments to MFRS 9, 139, 7, 4 & 16 – Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)
- Amendments to MFRS 16 “Covid-19 – Related Rent Concessions beyond 30 June 2021” (effective 1 April 2021)

None of the amendments listed above have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods of the Group’s financial statements.

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A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following standards, amendments to standards and interpretations that have been issued by MASB but are not yet effective to the Group’s current financial period:

Standards, amendments to published standards effective for annual period beginning after 1 July 2022 and 2023

- Amendments to MFRS 116 “Proceeds before Intended Use” (effective 1 January 2022)
- Amendments to MFRS 3 “Reference to the Conceptual Framework” (effective 1 January 2022)
- Annual Improvements (effective 1 January 2022) to:
 - o MFRS 1 “Subsidiary as First-Time Adopter”
 - o Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
 - o MFRS 141 “Taxation in Fair Value Measurements”
 - o MFRS 9 “Fee in the ‘10 percent’ test for Derecognition of Financial Liabilities”
- Amendments to MFRS 137 “Onerous Contracts - Cost of Fulfilling a Contract” (effective 1 January 2022)

Standards, amendments to published standards effective for annual period beginning after 1 July 2023

- Amendments to MFRS 101 “Classification of liabilities as current or non-current” (effective 1 January 2023)
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates (effective 1 January 2023)
- Amendments to MFRS 112 on “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (effective 1 January 2023)
- MFRS 17 “Insurance Contracts and its amendments” (effective 1 January 2023)
- Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information (effective 1 January 2023)

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 quarter and period ended 30 June 2022.

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A5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect during the current quarter and period ended 30 June 2022.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and period ended 30 June 2022.

A7. DIVIDEND PAID

There was no dividend paid by the Company during the current quarter and period ended 30 June 2022 in respect of the financial year ended 30 June 2022.

A8. SEGMENTAL INFORMATION

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

- Investment Holdings - investment holdings
- General Insurance - 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
- Hospitality Services - provision of hospitality services, food and beverage, retailer of Cigars, and other services including logistics, renovation and facilities management service

The Group's Other segments comprise property management, advisory and consultancy services, film distribution and cinema business 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 QUARTER AND PERIOD ENDED 30 JUNE 2022**A8. SEGMENTAL INFORMATION** (continued)Current quarter ended 30 June 2022 (“Q6 FY2022”)

	Investment Holdings	General Insurance	Education Services	Credit Services	Hospitality Services	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,799	45,148	6,679	2,880	10,387	1,790	68,683
Net earned premiums	-	25,455	-	-	-	-	25,455
Investment income	942	855	-	-	-	-	1,797
Interest income	798	2,067	32	2,880	-	1	5,778
Realised gains and losses – net	(2)	61	-	-	-	-	59
Fair value gains and losses - net	(15,811)	(7,430)	(10)	-	-	(5)	(23,256)
Commission income	-	916	-	-	-	-	916
Other operating revenue from non-insurance businesses	59	-	6,647	-	10,387	1,789	18,882
Other operating (expenses)/income – net	(2,921)	(102)	(6)	(17,953)	(2,562)	17	(23,527)
Net claims incurred	-	(18,284)	-	-	-	-	(18,284)
Commission expenses	-	(9,984)	-	-	-	-	(9,984)
Management expenses	(7,227)	(5,396)	(9,364)	(7,653)	(15,858)	(3,209)	(48,707)
Finance costs	(31)	(4)	(414)	-	(1,932)	(134)	(2,515)
Loss before taxation by segments	(24,193)	(11,846)	(3,115)	(22,726)	(9,965)	(1,541)	(73,386)
Share of loss of associates not included in reportable segments	-	-	-	-	-	-	(3,597)
Loss before taxation	(24,193)	(11,846)	(3,115)	(22,726)	(9,965)	(1,541)	(76,983)
Taxation	293	2,195	(355)	(145)	(146)	-	1,842
Loss after taxation	(23,900)	(9,651)	(3,470)	(22,871)	(10,111)	(1,541)	(75,141)

There will be no comparative financial information available for the corresponding quarter as the Group had changed its financial year end from 31 December to 30 June.

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	Investment Holdings	General Insurance	Education Services	Credit Services	Hospitality Services	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	5,591	265,950	38,654	16,110	34,901	2,954	364,160
Net earned premiums	-	154,153	-	-	-	-	154,153
Investment income	3,294	4,530	-	-	-	92	7,916
Interest income	1,941	12,424	209	16,110	26	21	30,731
Realised gains and losses – net	5,211	3,821	-	-	-	-	9,032
Fair value gains and losses - net	(14,879)	(9,819)	(2,851)	-	-	(83)	(27,632)
Commission income	-	5,224	-	-	-	-	5,224
Other operating revenue from non-insurance businesses	356	-	38,445	-	34,875	2,841	76,517
Other operating (expenses)/income – net	(1,090)	4,512	140	(17,023)	(3,427)	(24)	(16,912)
Net claims incurred	-	(52,928)	-	-	-	-	(52,928)
Commission expenses	-	(60,743)	-	-	-	-	(60,743)
Management expenses	(33,820)	(27,552)	(51,607)	(21,615)	(52,000)	(9,973)	(196,567)
Finance costs	(253)	(42)	(1,732)	-	(2,159)	(196)	(4,382)
(Loss)/profit before taxation by segments	(39,240)	33,580	(17,396)	(22,528)	(22,685)	(7,322)	(75,591)
Share of loss of associates not included in reportable segments	-	-	-	-	-	-	(62,757)
(Loss)/profit before taxation	(39,240)	33,580	(17,396)	(22,528)	(22,685)	(7,322)	(138,348)
Taxation	(632)	(7,748)	(1,683)	(787)	(146)	(1)	(10,997)
(Loss)/profit after taxation	(39,872)	25,832	(19,079)	(23,315)	(22,831)	(7,323)	(149,345)

There will be no comparative financial information available for the corresponding period as the Group had changed its financial year end from 31 December to 30 June.

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	Investment Holdings	General Insurance	Education Services	Credit Services	Hospitality Services	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2022 (Unaudited)</u>							
Segment Assets	116,661	450,439	56,677	68,316	45,644	39,795	777,532
Associates							1,154
Total Assets							<u>778,686</u>
<u>At 31 December 2020 (Audited)</u>							
Segment Assets	275,414	434,972	80,952	59,817	18,200	9,951	879,306
Associates							1,225
Total Assets							<u>880,531</u>

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A9. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There were no significant events subsequent to the end of the current period ended 30 June 2022 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

(a) During the current period ended 30 June 2022, Hospitality 360 Sdn Bhd (“H360”), a 51% sub-subsidiary of the Company, had:

- on 8 January 2021, 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%;
- on 20 January 2021, 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;
- on 23 March 2021, 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%;
- on 1 April 2021, via its subsidiary, TSSSB acquired 6,590,765 ordinary shares representing 100% of the share capital of Clear Dynamic Sdn Bhd from Nusajaya Consolidated Sdn Bhd for a total consideration of RM300,000;
- on 5 May 2021, via its subsidiary, Staysuites Group Sdn Bhd subscribed for 100 ordinary shares at an issue price of RM1 each, representing 100% of the share capital in a new subsidiary, Staysuites Malaysia Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM100;
- on 11 May 2021, acquired 1 ordinary share representing 100% of the share capital of Global Champ Sdn Bhd from Jasmine Bin Jalmen Dullah for the total consideration of RM1;
- on 5 August 2021, subscribed for 2 ordinary shares at an issue price of RM1 each, representing 100% of the share capital in a new subsidiary, Infiniti Indah Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM2;
- on 6 August 2021, subscribed for 2 ordinary shares at an issue price of RM1 each, representing 100% of the share capital in a new subsidiary, Ruby Luxury Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM2;

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A10. CHANGES IN THE COMPOSITION OF THE GROUP (continued)

- (a) During the current period ended 30 June 2022, Hospitality 360 Sdn Bhd (“H360”), a 51% sub-subsidiary of the Company, had: (continued)
- on 6 August 2021, Staysuites Malaysia Sdn Bhd, a sub-subsidiary of H360 subscribed for 51 ordinary shares at an issue price of RM1 each, representing 51% of the share capital in a new subsidiary, Vacation Rental Advisory Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM51;
 - on 17 August 2021, acquired 50,000 ordinary shares representing 50% of the share capital of Dine 360 Sdn Bhd (“Dine 360”) (formerly known as Hugos Langkawi Sdn Bhd) from Wawasan Hakiki Sdn Bhd for a total consideration of RM1. With the said acquisition, H360’s equity interest in Dine 360 increased from 50% to 100%;
 - on 25 August 2021, subscribed for 2 ordinary shares at an issue price of RM1 each, representing 100% of the share capital in a new subsidiary, Nova Blaze Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM2;
 - on 17 September 2021, via its subsidiary, TSSSB subscribed for 100 ordinary shares at an issue price of RM1 each, representing 100% of the share capital of Luxe Prestige Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM100;
 - on 14 January 2022, subscribed for 1 ordinary share at an issue price of USD1 each, representing 100% of the share capital in a new subsidiary, Cigarmaax Limited, a company incorporated in United Arab Emirates, for a total consideration of USD1;
 - on 26 May 2022, Staysuites Malaysia Sdn Bhd, a sub-subsidiary of H360 acquired 51 ordinary shares representing 51% of the share capital from Chariskey Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM51; and
 - on 14 June 2022, acquired 51 ordinary shares representing 51% of the share capital of Prosper Magnum Sdn Bhd from Tan Hou Ham, for a total consideration of RM51.
- (b) On 4 February 2021, MAA Credit Berhad (“MAA Credit”), 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.

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A10. CHANGES IN THE COMPOSITION OF THE GROUP (continued)

(c) During the current period ended 30 June 2022, MAA Corporation Sdn Bhd (“MAA Corp”), a wholly owned subsidiary of the Company, had:

- on 6 May 2021, subscribed for 600 ordinary shares at an issue price of RM1 each, representing 60% of the share capital in 10Star Cinemas Sdn Bhd (“10Star”), a company incorporated in Malaysia, for a total consideration of RM600;
- on 15 September 2021, subscribed for 100,000 ordinary shares at an issue price of RM1 each, representing 100% of the share capital in a new subsidiary, Maax Capital Sdn Bhd (“Maax Capital”), a company incorporated in Malaysia, for a total consideration of RM100,000;
- on 23 November 2021, transferred its Partnership Interest Subscription with MicroLEAP PLT (“MicroLEAP”), of which the subscription of 35.2% interest in MicroLEAP, to Maax Capital, for a total consideration of RM1,250,000;
- on 1 December 2021, disposed the shares held in the share capital of the following companies to Maax Capital:
 - (i) 200,000 ordinary shares, representing 100% of the share capital of Maax Fidelity Berhad (formerly known as MAA Excel Berhad) (formerly known as MAA Excel Sdn Bhd) for a total consideration of RM190,000;
 - (ii) 933,252 ordinary shares, representing 100% of the share capital of Maax Factor Sdn Bhd for a total consideration of RM5,366,199; and
 - (iii) 86,200,000 ordinary shares and 211,600 preference shares, representing 100% of the share capital of MAA Credit for a total consideration of RM6,896,000 and RM16,928 respectively.

(d) During the current period ended 30 June 2022, Edumaax Sdn Bhd (“Edumaax”), a wholly owned subsidiary of MAA Corp, had:

- on 10 December 2021, subscribed for 1,000 ordinary shares at an issue price of RM1 each, representing 100% of the share capital of Edumaax Professional Center Sdn Bhd, a company incorporated in Malaysia, for total consideration of RM1,000; and
- on 4 March 2022, subscribed for 1,000 ordinary shares at an issue price of RM1 each, representing 100% of the share capital of Edumaax Liberty Sdn Bhd, a company incorporated in Malaysia, for total consideration of RM1,000.

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A10. CHANGES IN THE COMPOSITION OF THE GROUP (continued)

- (e) The Company and Imperium Edumaax Sdn Bhd (“IESB”), a wholly owned sub-subsiidiary of the Company, had acquired to date over the period from 3 August 2021 to 6 October 2021 from the open market a total of 266,001,800 and 80,000,000 ordinary shares of KNM Group Berhad (“KNM Group”) respectively, representing approximately total 10.35% of the total issued and paid-up share capital of KNM Group as of 31 October 2021, for a total purchase consideration of RM63,054,926 and RM19,212,461 respectively.

From August to October 2021 where the Group acquired the ordinary shares of KNM Group in stages, management classified the respective investments in KNM Group as Fair value through Profit or Loss (“FVTPL”) in accordance to MFRS 9 “Financial Instruments”. However, effective on 1 November 2021, the appointment of Tunku Dato’ Yaacob Khyra on KNM Group’s board of directors signifies a significant influence and hence the investment in KNM Group has accounted for as an investment in associate based on MFRS 128 “Investment in associates and joint ventures” in the Group’s financial statements and the separate financial statements of the Company and IESB respectively.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2022, 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 period ended 30 June 2022 based on valuations carried out by professional valuers during the financial period and the fair value changes therein were recognised in the profit or loss.

A13. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at 30 June 2022.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

A14. CAPITAL COMMITMENTS

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

	As at 30.6.2022	As at 31.12.2020
	RM'000	RM'000
Property, plant and equipment		
- Furniture, fitting and equipment	184	32
- Renovation	7,357	19
	7,541	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.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**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.

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 30 June 2022 (Unaudited)

	Level 1	Level 2	Level 3	Total
	RM’000	RM’000	RM’000	RM’000
Investments at FVTPL:				
Equity securities quoted in Malaysia	239	-	-	239
Equity securities quoted outside Malaysia	63,067	-	-	63,067
Equity securities unquoted outside Malaysia	-	-	22,562	22,562
Unit trusts quoted in Malaysia	401	-	-	401
	63,707	-	22,562	86,269
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	45,645	-	-	45,645
Corporate debt securities quoted outside Malaysia	1,350	-	-	1,350
Equity securities quoted outside Malaysia	23,091	1,226	-	24,317
Equity securities unquoted in Malaysia	-	-	100	100
Equity securities unquoted outside Malaysia	-	-	43	43
	70,086	1,226	143	71,455
Total investments measured at fair value	133,793	1,226	22,705	157,724

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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	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
	179,454	-	22,923	202,377
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
	75,928	921	143	76,992
Total investments measured at fair value	255,382	921	23,066	279,369

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 current quarter and period ended 30 June 2022.

The following table shows the movement in Level 3 investments for the current period ended 30 June 2022:

	Unquoted equity securities	
	FVTPL	FVOCI
	RM’000	RM’000
At 1 January 2021	22,923	143
Fair value loss recorded in profit or loss	(2,396)	-
Currency translation difference	2,035	-
At 30 June 2022	22,562	143

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. REVIEW OF GROUP PERFORMANCE**Group

Key financial performance	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	68,683	-	364,160	-
Loss before taxation	(76,983)	-	(138,348)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current quarter ended 30 June 2022 (“Q6 FY2022”)

For Q6 FY2022, the Group recorded a total operating revenue of RM68.7 million which comprised of gross earned premiums of RM42.2 million recorded by General Insurance business, investment and interest income of RM7.6 million and other operating revenue from non-insurance businesses of RM18.9 million.

The Group recorded a Loss before taxation (“LBT”) of RM77.0 million for Q6 FY2022. The LBT caused by LBT of RM24.2 million from Investment Holdings segment, LBT of RM22.7 million from Credit services segment, LBT of RM11.8 million from General Insurance business, LBT of RM10.0 million from Hospitality Services segment, LBT of RM3.1 million from Education Services segment, LBT of RM1. million from other segment, and share of loss of an associate of RM3.6 million.

18 months period ended 30 June 2022 (“18M FY2022”)

For 18M FY2022, the Group recorded a total operating revenue of RM364.2 million which comprised of gross earned premiums of RM249.0 million recorded by General Insurance business, investment and interest income of RM38.6 million and other operating revenue from non-insurance businesses of RM76.5 million.

The Group recorded a LBT of RM138.3 million for 18M FY2022. The LBT caused by LBT of RM39.2 million from Investment Holdings segment, LBT of RM22.7 million from Hospitality Services segment, LBT of RM22.5 million from Credit services segment, LBT of RM17.4 million from Education Services segment, LBT of RM7.3 million from other segment and share of loss of an associate of RM62.8 million. These losses have outweighed the Profit Before taxation (“PBT”) contribution of RM33.6 million from the General Insurance business.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B1. REVIEW OF GROUP PERFORMANCE (continued)**Investment Holdings

Key financial performance	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,799	-	5,591	-
Loss before taxation	(24,193)	-	(39,240)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current quarter ended 30 June 2022 (“Q6 FY2022”)

For Q6 FY2022, Investment Holdings segment recorded a total operating revenue of RM1.8 million which comprised mainly of interest and dividend income of RM1.7 million.

Investment Holdings segment recorded a LBT of RM24.2 million for Q6 FY2022 mainly due to fair value losses on equities investments classified at FVTPL of RM13.5 million and fair value loss on investment properties of RM2.3 million.

18 months period ended 30 June 2022 (“18M FY2022”)

For 18M FY2022, Investment Holdings segment recorded a total operating revenue of RM5.6 million which comprised mainly of interest income of RM1.9 million, dividend income of RM3.1 million and other operating revenue from non-insurance businesses of RM0.4 million.

Investment Holdings segment recorded a LBT of RM39.2 million for 18M FY2022 mainly due to management expenses of RM33.8 million, net fair value losses on equity investments classified at FVTPL of RM12.4 million and fair value loss on investment properties of RM2.5 million.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B1. REVIEW OF GROUP PERFORMANCE (continued)**General Insurance

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

Key financial performance	3 months period ended			
	30.6.2022		30.6.2021 ^(*)	
	PHP’000	RM’000	PHP’000	RM’000
Gross premium written (“GPW”)	466,035	38,432	-	-
Underwriting deficit	(23,733)	(1,897)	-	-
Investment income	10,365	855	-	-
Interest income	25,059	2,067	-	-
Claim ratio in %	71.8%	71.8%	-	-
Commission ratio in %	38.2%	38.2%	-	-
Loss before taxation	(145,004)	(11,846)	-	-
Range of currency exchange rate	1RM = 11.99 to 12.23PHP			-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current quarter ended 30 June 2022 (“Q6 FY2022”)

For Q6 FY2022, MAAGAP recorded a GPW of PHP466.0 million (RM38.4 million equivalent). The motor and non-motor classes contributed PHP143.6 million (RM11.8 million equivalent) and PHP322.4 million (RM26.6 million equivalent) respectively of the total GPW.

MAAGAP recorded a LBT of PHP145.0 million (RM11.8 million equivalent) for Q6 FY2022. The LBT caused by underwriting deficit of PHP23.7 million (RM1.9 million equivalent) and net fair value losses of PHP90.7 million (RM7.4 million equivalent) on equity investments classified at FVTPL.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B1. REVIEW OF GROUP PERFORMANCE (continued)**General Insurance (continued)

Key financial performance	18 months period ended			
	30.6.2022		30.6.2021 ^(*)	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written (“GPW”)	3,082,412	256,455	-	-
Underwriting surplus	545,290	45,705	-	-
Investment income	54,340	4,530	-	-
Interest income	149,160	12,424	-	-
Claim ratio in %	34.3%	34.3%	-	-
Commission ratio in %	35.4%	35.4%	-	-
Profit before taxation	398,815	33,580	-	-
Range of currency exchange rate	1RM = 11.68 to 12.24PHP			-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

18 months period ended 30 June 2022 (“18M FY2022”)

For 18M FY2022, MAAGAP recorded a GPW of PHP3,082.4 million (RM256.5 million equivalent). The motor and non-motor classes contributed PHP937.3 million (RM78.0 million equivalent) and PHP2,145.1 million (RM178.5 million equivalent) respectively of the total GPW.

MAAGAP recorded a PBT of PHP398.8 million (RM33.6 million equivalent) for 18M FY2022. The PBT contributed by underwriting surplus of PHP545.3 million (RM45.7 million equivalent), investment and interest income of PHP203.5 million (RM17.0 million equivalent), fair value gain of PHP11.4 million (RM0.9 million equivalent) on investment properties, realised gains from disposal of investments of PHP45.7 million (RM3.8 million equivalent) and other income of PHP54.6 million (RM4.5 million equivalent), offset by net fair value losses of PHP130.4 million (RM10.8 million equivalent) on equity investments classified at FVTPL and management expenses of PHP330.7 million (RM27.5 million equivalent).

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B1. REVIEW OF GROUP PERFORMANCE (continued)**Education Services

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 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’) – offers tertiary education for foundations, certificates, diplomas, bachelor degrees and professional accountancy qualifications. Imperium Edumaax is also a HRDF-registered training provider offering a suite of continuous professional development and training programmes.

Key financial performance by business units	3 months period ended				
	30.6.2022				30.6.2021 ^(*)
	Kasturi Group	SJI Group	Imperium Edumaax	Total	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Operating revenue	301	5,502	876	6,679	-
(Loss)/profit before taxation	(1,441)	1,435	(3,109)	(3,115)	-

Key financial performance by business units	18 months period ended				
	30.6.2022				30.6.2021 ^(*)
	Kasturi Group	SJI Group	Imperium Edumaax	Total	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Operating revenue	1,520	31,070	6,064	38,654	-
(Loss)/profit before taxation	(6,706)	6,691	(17,381)	(17,396)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Education Services (continued)

Current quarter ended 30 June 2022 (“Q6 FY2022”)

(i) Kasturi Group

For Q6 FY2022, Kasturi Group recorded a total operating revenue of RM0.3 million and a LBT of RM1.4 million. Higher revenue in current quarter was due to increase of student numbers following the re-opening of physical classes since March 2022. The tuition centres are offering hybrid learning mode i.e. both online and physical classes to accommodate market needs.

(ii) SJI Group

For Q6 FY2022, SJI Group recorded a total operating revenue of RM5.5 million with a PBT of RM1.4 million. Secondary education has contributed profit of RM1.7 million but offset by loss making in primary education and private tuition of RM0.3 million.

(iii) Imperium Edumaax

For Q6 FY2022, Imperium Edumaax recorded a total operating revenue of RM0.9 million with a LBT of RM3.1 million. Postponement of Sijil Pelajaran Malaysia (“SPM”) had greatly affected tertiary education providers across the industry. Students’ enrolment rate in Q6 FY2022 was low as expected and management foresees students’ enrolment rate will improve in second half of year 2022 after SPM results release in June 2022. Meanwhile, the college’s key focus includes ongoing intense marketing activities, branding exercise and continuous improvement initiatives.

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Education Services (continued)

18 months period ended 30 June 2022 (“18M FY2022”)

(i) Kasturi Group

For 18M FY2022, Kasturi Group recorded a total operating revenue of RM1.5 million and a LBT of RM6.7 million. Loss of RM2.8 million was attributable to loss from tuition centers’ operations due to lower students’ enrolment rate following cancellation of Pentaksiran Tingkatan Tiga (“PT3”) and postponement of SPM and Sijil Pelajaran Tinggi Malaysia (“STPM”). Management was in ongoing effort for series of transformation plans including rebranding exercise, introducing variety of promotional packages to students, offering hybrid learning mode for greater learning experience, intensive marketing activities and cost rationalisation exercise throughout the period.

(ii) SJI Group

For 18M FY2022, SJI Group recorded a total operating revenue of RM31.1 million with a PBT of RM6.7 million. Secondary education has contributed profit of RM8.9 million but offset with loss making in primary education and private tuition of RM2.2 million. Primary education commenced operations only in early 2020 and has gradually built presence in the market with strong growth in year 2021 and 2022 despite of the COVID-19 pandemic.

(iii) Imperium Edumaax

For 18M FY2022, Imperium Edumaax recorded a total operating revenue of RM6.1 million with a LBT of RM17.4 million. Ongoing impact arising from COVID-19 pandemic i.e., movement control order, restricted international travel, postponement of SPM in both year 2020 and 2021 had significantly affected the industry. In response to this, management had introduced new initiatives including offering of training courses to working adults, developing new programmes, continuous intensive marketing efforts and branding exercises throughout the period.

During the challenging period, the college had supported students with financial aids and working hand in hand with The Budimas Charitable Foundation in providing scholarships to deserving students. Further to this, management is also uplifting students’ wellbeing constantly with wide array of students’ supports and focusing on students’ social and emotional development during this challenging time so to provide a pleasure learning experience with the college. As a tertiary education provider, the college is committed to ensuring that students can access high quality education and the best employment opportunities across all sectors. Hence, the college had introduced “Imperium Interview Opportunity Program”, a joint initiative between the college & MAA Group Berhad to create career opportunities for the graduates.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B1. REVIEW OF GROUP PERFORMANCE (continued)**Credit Services

Key financial performance	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	2,880	-	16,110	-
Loss before taxation	(22,726)	-	(22,528)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current quarter ended 30 June 2022 (“Q6 FY2022”)

For Q6 FY2022, Credit Services segment recorded a total operating revenue of RM2.9 million which comprised mainly of income from debt factoring business of RM1.2 million and interest income of RM1.5 million from term loans and other credit activities.

Credit Services segment recorded a LBT of RM22.7 million for Q6 FY2022. The LBT mainly caused by allowance for impairment loss of RM7.3 million and RM18.0 million on factoring receivables and term loan receivables respectively.

18 months period ended 30 June 2022 (“18M FY2022”)

For 18M FY2022, Credit Services segment recorded a total operating revenue of RM16.1 million which comprised mainly of income from debt factoring business of RM9.1 million and interest income of RM6.8 million from term loans and other credit activities.

Credit Services segment recorded a LBT of RM22.5 million for 18M FY2022. The allowance for impairment loss totaling of RM39.3 million on factoring and term loan receivables has outweighed the total operating revenue of RM16.1 million.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B1. REVIEW OF GROUP PERFORMANCE (continued)**Hospitality Services

Key financial performance	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	10,387	-	34,901	-
Loss before taxation	(9,965)	-	(22,685)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current quarter ended 30 June 2022 (“Q6 FY2022”)

The Hospitality Services segment has recorded moderate recovery with an increase in total operating revenue of RM10.4 million in Q6 FY2022. The LBT of RM10.0 million mainly due to higher lease interest of RM1.9 million and depreciation on right-of use assets of RM4.4 million arising from the remeasurement of lease liabilities and adjustments on the related right-of-use assets during the current quarter under review.

18 months period ended 30 June 2022 (“18M FY2022”)

The Hospitality industry has been one of the hardest hit by the COVID-19 pandemic. The Malaysian Government had imposed various stages of movement control order since March 2020. On 15 June 2021, the Malaysian Government announced the implementation of National Recovery Plan as an exit strategy of the Covid-19 pandemic with the progressive resumption of business operations and social activities and the lifting of travelling restrictions. On 1 April 2022, Malaysia has transitioned to the endemic phase of COVID-19 with the full resumption of business and social activities and the re-opening of international borders.

The Group’s Hospitality Services segment has recorded moderate growing since Q5 FY2022 and recorded a total operating revenue of RM34.9 million and a LBT of RM22.6 million for 18M FY2022.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B2. MATERIAL CHANGE IN PERFORMANCE OF THE CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	Quarter ended	
	30.6.2022	31.3.2022
	RM'000	RM'000
Operating revenue	68,683	62,820
Loss before taxation	(76,983)	(83,205)

The Group recorded total operating revenue of RM68.7 million in current quarter ended 30 June 2022 (“Q6 FY2022”), an increase of 9.3% from RM62.8 million in the immediate preceding quarter ended 31 December 2021 (“Q5 FY2022”). The increase mainly from higher revenue from Hospitality services of RM10.4 million (Q5 FY2022: RM8.8 million).

The Group recorded a lower LBT of RM77.0 million in Q6 FY2022, a decrease of 7.5% from RM83.2 million in Q5 FY2022. The loss mainly due to higher net fair value losses of RM20.9 million (Q5 FY2022: losses of RM10.0 million) from equity investments classified at FVTPL, higher net claims incurred of RM18.3 million (Q5 FY2022: RM7.5 million) and higher allowance for impairment loss totaling of RM25.3 million (Q5 FY2022 : RM13.3 million) on factoring and term loan receivables.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B3. PROSPECTS

The Malaysian economy is projected to expand by 5.3% to 6.3% in 2022 according to Bank Negara Malaysia latest estimates. Forecast for 2023 still pending. The expected growth trajectory aligns with the successful vaccination programme under the National COVID-19 Immunisation Programme (PICK) and various stimulus and assistance packages to support the people and revitalize the economy. The re-opening of Malaysian borders on 1 April 2022, continued expansion in global demand and the broader reopening of the domestic economy will also support Malaysia’s growth momentum going into financial year 2023.

Amidst the challenges brought by COVID-19 pandemic, the Group expects the General Insurance business in the Philippines to continue with premium growth and improved profit margins in financial year 2023 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 financial year 2023. The Group expects MAAGAP to improve its financial performance in financial year 2023 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 into financial year 2023 will continue to be a challenging year for the Group’s Education Services business. The Education Services’ operating units namely Kasturi Group, SJI Group and Imperium Edumaax will continue to intensify their marketing efforts in view of the easing of movement controls in order to increase student enrolment, diversify program offerings and continue with cost control measures.

The Hospitality Services sector will continue to strengthen its efforts and position in the market which looks increasingly promising by travel restrictions being lifted and expected increase in influx of tourism activities.

The Credit Services segment of the Group comprises of Debt Factoring and Money Lending business activities. The Debt Factoring business will continue to pursue growth opportunities in-line with the opening of all economic sectors. The Money Lending business will implement management action plans to re-strategize its business plans and improve its debt collection activities.

Although the global economic outlook for financial year 2023 continues to be cautious with the COVID-19 pandemic albeit the easing of restrictions globally, the Group will continue its efforts to implement management action plans to expand existing business and improve profitability.

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 QUARTER AND PERIOD ENDED 30 JUNE 2022**B5. INVESTMENT INCOME**

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	119	-	183	-
Investments at FVTPL				
Dividend income				
- Equity securities quoted in Malaysia	1	-	269	-
- Equity securities quoted outside Malaysia	512	-	3,406	-
- Equity securities unquoted outside Malaysia	814	-	1,592	-
- Unit trusts quoted in Malaysia	-	-	92	-
	1,327	-	5,359	-
Investments at FVOCI				
Dividend income				
- Equity securities quoted outside Malaysia	351	-	2,374	-
	1,797	-	7,916	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B6. INTEREST INCOME**

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Investments at FVOCI				
Interest income				
- Government debt securities quoted outside Malaysia	469	-	2,487	-
- Corporate debt securities quoted outside Malaysia	16	-	78	-
- Corporate debt securities unquoted in Malaysia	710	-	1,331	-
	1,195	-	3,896	-
Investments at AC				
Interest income				
- Government debt securities quoted outside Malaysia	178	-	1,087	-
- Corporate debt securities quoted outside Malaysia	1,388	-	8,676	-
- Private trust fund unquoted outside Malaysia	-	-	4	-
- Investment notes unquoted in Malaysia	130	-	263	-
	1,696	-	10,030	-
Interest income from:				
- staff loans	37	-	131	-
- associates	6	-	66	-
- fixed and call deposits	94	-	764	-
	137	-	961	-
Interest income from:				
- debt factoring business	1,243	-	9,055	-
- term loans and other credit activities	1,507	-	6,789	-
	2,750	-	15,844	-
	5,778	-	30,731	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B7. REALISED GAINS AND LOSSES - NET**

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Net losses from disposal of property, plant and equipment	-	-	(11)	-
Investments at FVTPL				
Net realised gains/(losses)				
- Equity securities quoted in Malaysia	(1)	-	1,329	-
- Equity securities quoted outside Malaysia	53	-	7,315	-
- Unit trusts quoted outside Malaysia	-	-	(54)	-
	52	-	8,590	-
Investments at FVOCI				
Net realised gains				
- Government debt securities quoted outside Malaysia	7	-	453	-
	59	-	9,032	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B8. FAIR VALUE GAINS AND LOSSES - NET**

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Fair value losses on investment properties	(2,327)	-	(1,511)	-
Investments at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	(62)	-	(15,742)	-
- Equity securities quoted outside Malaysia	(19,121)	-	(7,861)	-
- Equity securities unquoted outside Malaysia	(1,730)	-	(2,396)	-
- Unit trusts quoted in Malaysia	(16)	-	(122)	-
	(20,929)	-	(26,121)	-
	(23,256)	-	(27,632)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B9. LOSS BEFORE TAXATION FOR THE QUARTER AND PERIOD**

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

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/write back of impairment loss on:				
- Intangible assets	(212)	-	(212)	-
- investment in an associate	(1,880)	-	(1,880)	-
- investments at AC	(306)	-	(212)	-
- cash and cash equivalents	68	-	4	-
- insurance receivables	(33)	-	169	-
- trade and other receivables	(84)	-	(667)	-
- factoring receivables	(7,279)	-	(19,854)	-
- term loans and other credit activities	(17,953)	-	(19,468)	-
Realised foreign exchange gains/(losses) – net	581	-	(376)	-
Unrealised foreign exchange losses – net	(1,155)	-	(179)	-
Allowance for impairment loss on goodwill acquired	-	-	(3,995)	-
Reserves arising from business combination	-	-	14	-
Depreciation of property, plant and equipment	(1,407)	-	(6,502)	-
Amortisation of leasehold land	-	-	(2)	-
Depreciation of right-of-use assets	(6,689)	-	(19,405)	-
Amortisation of intangible assets	(169)	-	(320)	-
Lease interests	(2,216)	-	(3,499)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**B10. TAXATION**

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysia	334	-	3,829	-
- Philippines	122	-	7,791	-
	456	-	11,620	-
Deferred tax				
- Malaysia	18	-	(580)	-
- Philippines	(2,316)	-	(43)	-
	(2,298)	-	(623)	-
Total tax (income)/expense	(1,842)	-	10,997	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Even though the Group recorded loss in the current period ended 30 June 2022, provision for taxation has been made mainly for the profit recorded by General Insurance business held via MAAGAP as the group loss relief in Malaysia is not applicable to MAAGAP and certain expenses that are not deductible for tax purposes.

B11. BORROWING

The Group's borrowing includes:

	As at 30.6.2022	As at 31.12.2020
	RM'000	RM'000
<u>Short term</u>		
Term loan – secured	18,943	-
Total Group's borrowing	18,943	-

The Group's borrowing is denominated in Ringgit Malaysia (RM).

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B12. CORPORATE PROPOSALS

- (a) On the PN17 status of MAAG, 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.
- (b) On 22 June 2021, the Company had entered into an unconditional share sale and purchase agreement (“SPA”) with Ithmaar Bank B.S.C. (Closed) (“Vendor” or “Ithmaar”) to acquire 132,151,497 ordinary shares in Turiya Berhad (“Turiya”) (“Turiya Shares” or “Sale Shares”), representing approximately 57.78% equity interest in Turiya, for a cash consideration of RM23,787,269.46 or RM0.18 per Turiya Shares (“Acquisition”).

Upon completion of the Acquisition, MAAG’s shareholding in Turiya increased from nil to approximately 57.78%. Accordingly, MAAG is obliged to extend a mandatory take-over offer to acquire all the remaining Turiya Shares not already held by MAAG (“Offer Shares”) at a cash offer price of RM0.18 per Offer Share pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 and paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia (“SC”) (“Proposed Offer”).

The Company had, on 5 July 2021, been served with a sealed copy of Writ of Summons dated 3 July 2021 from Empire Holdings Ltd (“Plaintiff”), together with the Notice of Application dated 3 July 2021 and Affidavit in Support of Sarin Sahadev Swami affirmed on 2 July 2021. Please refer to Note B14 of these Interim Reports for details on the Plaintiff’s claim against the Company and other defendants.

In view of the legal proceedings, SC had, vide its letter dated 12 July 2021, approved and further approved verbally in October 2021 MAAG’s application for an extension of time to despatch the offer document.

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 QUARTER AND PERIOD ENDED 30 JUNE 2022**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 ^(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) (14,807)	- 55,320	Within 24 months from the EGM held on 30 June 2020	^(N8) 55,320	-
(ii)	Working capital	30,854	30,854	84,435	35,026 ^{(N5), (N6), (N7)}	119,461		Within 24 months from the EGM held on 30 June 2020	119,461
(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	^(N7) (16,411)	16,411	Within 24 months from the EGM held on 30 June 2020	16,411	-
(v)	Acquisition of HCAT ^(N5) , Acquisition of 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		233,883	-

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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) 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 (“Edumaax”) and HELP International Corporation Berhad (“HIC”) in relation to the acquisition of HELP College of Arts and Technology Sdn Bhd (“HCAT”) (now known as Imperium Edumaax Sdn Bhd (“Imperium Edumaax”) (“Acquisition for HCAT”), the purchase consideration had reduced from RM5.5 million to RM2.0 million. HIC had refunded the excess purchase consideration of RM3.5 million to Edumaax. The excess purchase consideration of RM3.5 million was subsequently re-allocated and utilised for the working capital requirement of Imperium Edumaax.
- ^(N6) RM5.0 million of the purchase consideration for Scholastic IB International Sdn Bhd (“SIB”) and its subsidiaries was withheld by Edumaax pending fulfillment by the vendors of the aggregate profit guarantees of RM5.0 million for financial years ended 31 December 2019 and 31 December 2020. On 17 July 2020 and 22 March 2021, Edumaax had paid RM4.7 million to the vendors upon achieving profits of RM1.2 million and RM3.5 million for financial years ended 31 December 2019 and 31 December 2020 respectively. Edumaax deducted RM0.3 million from the retained purchase consideration of RM5.0 million in view of the profit shortfall. The balance purchase consideration of RM0.3 million had been re-allocated for the working capital requirement of the Company.

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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)

^(N7) The Company had re-allocated and utilised an amount totaling RM31.2 million for the following:

- RM3.2 million for its working capital requirements; and
- RM28.0 million for the following businesses via capital injections and advances to MAA Credit Berhad, Maax Factor Sdn Bhd, Hospitality 360 Sdn Bhd and 10star Cinemas Sdn Bhd:
 - Money lending: RM16.8 million
 - Factoring: RM4.3 million
 - Hospitality business: RM6.9 million

^(N8) The Company had utilised an amount totaling RM50.2 million for the following investments:

- RM23.8 million being the purchase consideration of the acquisition of 132,151,497 ordinary shares in Turiya, as stated in note B12(b) of this report; and
- RM26.4 million being part finance the acquisition of 233,001,800 ordinary shares of KNM Group Berhad at an average price of RM0.227 per shares amounted to RM52.9 million.

In addition, RM5.1 million had been utilised to settle Zurich’s claims.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022**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	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	59,613	(22,644)	36,969	No time limit specified	^(N10) 36,969	-
(ii)	Working Capital	-	^(N9) 22,644	22,644		22,644	-
	Total	59,613	-	59,613		59,613	-

^(N9) Capital injections and advances to subsidiaries, namely Imperium Edumaax Sdn Bhd, MAA Corporation Sdn Bhd, Kasturi Academy Sdn Bhd, Hospitality 360 Sdn Bhd and Edumaax Sdn Bhd totaling RM22.6 million for working capital requirements.

^(N10) The Company had utilised an amount totaling RM37.0 million for the following investments:

- (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;
- (ii) Investment in 35.20% interest in MicroLEAP PLT for a total consideration of RM1.25 million; and
- (iii) RM16.3 million being part finance the acquisition of 233,001,800 ordinary shares of KNM Group Berhad at an average price of RM0.227 per shares amounted to RM52.9 million.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION

- (a) KUALA LUMPUR HIGH COURT CIVIL SUIT NO. WA-22NCC-295-07/2021 EMPIRE HOLDINGS LTD (“PLAINTIFF”) VS ITHMAAR DEVELOPMENT COMPANY LTD (“1ST DEFENDANT”), ITHMAAR BANK B.S.C. (“2ND DEFENDANT”), MAAG (“3RD DEFENDANT”), TUNKU DATO' YAACOB KHYRA (“4TH DEFENDANT”) AND TURIYA BERHAD (“5TH DEFENDANT”) (COLLECTIVELY REFERRED TO AS “DEFENDANTS”)

The Company had, on 5 July 2021, been served with a sealed copy of a Writ of Summons dated 3 July 2021 (“Writ”) from the Plaintiff together with the Notice of Application dated 3 July 2021 and Affidavit in Support of Sarin Sahadev Mohan Swami affirmed on 2 July 2021. (“Injunction Application”)

The Plaintiff’s claim against the 1st Defendant and 2nd Defendant is inter alia for breach of contract and/or duty of care and/or good faith as lender and/or charge in respect of 132,151,497 ordinary shares in the 5th Defendant held as security and/or by way of charge by the 1st Defendant, and owned at all material times by Plaintiff (“the Shares”), pursuant to a Share Charge dated 20 April 2008 and a Charge Supplement dated 28 October 2015, arising out of and/or in connection with the 1st Defendant’s and/or 2nd Defendant’s sale and/or disposal of the Shares to the 3rd Defendant at below market value and/or at an undervalue, pursuant to a share sale and purchase agreement entered into between the 2nd Defendant and 3rd Defendant on 22 June 2021 (“Share Sale and Purchase Agreement”) to acquire the Shares, without reasonable or any notice to the Plaintiff, and contrary to and/or in breach of the representations and/or agreement by Abdulla Taleb made for and on behalf of the 1st Defendant and/or 2nd Defendant to the Plaintiff for inter alia the redemption inter alia of the Shares by the Plaintiff (“the Agreement”) and/or giving rise to an estoppel against the sale and transfer of the Shares to the 3rd Defendant.

Further to the e-review case management held on 7 July 2021, the Court issued an Ad Interim Injunctive Order (interim injunction) against the Company, and against the 1st Defendant and the 2nd Defendant.

On 27 September 2021, the decision on the inter-parties for the Plaintiff’s Injunction Application was delivered by Yang Arif Tuan Ong Chee Kwan, Judicial Commissioner (“YA OCK”), via e-review.

YA OCK decided as follows:

- (i) The Plaintiff’s Injunction Application is dismissed;
- (ii) The Ad Interim Injunctive Order against the Defendants, first granted on 7 July 2021, is set aside; and
- (iii) The Plaintiff pays cost of RM35,000 each to the 1st and 2nd Defendants, the 3rd Defendant and the 4th Defendant.

The solicitors for the Plaintiff (“Appellant” or “Empire”) filed, on 27 September 2021, the notices of appeal against the High Court’s decision to dismiss the Appellant’s Injunction Application and to set aside the Ad Interim Injunctive Order (“Appeals”). On 28 September 2021, they filed the Notice of Motion for an Erinford Injunction (“Notice of Motion”).

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B14. CHANGES IN MATERIAL LITIGATION (continued)

- (a) KUALA LUMPUR HIGH COURT CIVIL SUIT NO. WA-22NCC-295-07/2021 EMPIRE HOLDINGS LTD ("PLAINTIFF") VS ITHMAAR DEVELOPMENT COMPANY LTD ("1ST DEFENDANT"), ITHMAAR BANK B.S.C. ("2ND DEFENDANT"), MAAG ("3RD DEFENDANT"), TUNKU DATO' YAACOB KHYRA ("4TH DEFENDANT") AND TURIYA BERHAD ("5TH DEFENDANT") (COLLECTIVELY REFERRED TO AS "DEFENDANTS") (continued)

Empire and MAAG agreed to grant each other certain undertakings, pending the disposal of the Appeals by the Court of Appeal.

In exchange for the abovementioned undertakings by MAAG to Empire, and the abovementioned cross-undertakings by Empire to MAAG, Empire agreed to withdraw its Notice of Motion against MAAG.

The Appeals were heard by the Court of Appeal on 1 December 2021, and the Court of Appeal delivered their unanimous decision as follows:

- (i) The Appeals were dismissed.
- (ii) The decision by YA OCK, at the High Court of Malaya ("High Court") at Kuala Lumpur dated 27 September 2021, was upheld.
- (iii) The Court of Appeal awarded costs of RM20,000 to the 3rd Respondent.

Empire's solicitors had filed a Notice of Application dated 27 December 2021, pursuant to Order 14A of the Rules of Court 2012 ("Order 14A Application") and Affidavit in Support of Tan Seow Wan, affirmed on 27 December 2021 ("Affidavit in Support"), to dispose of the civil suite action No. WA-22NCC-295-07/2001 in respect of the Acquisition ("Litigation"), filed against MAAG.

Empire through its solicitors, filed a Notice of Application dated 29 December 2021, applying to the High Court for an injunction against MAAG, pending the disposal of the Order 14A Application and, an affidavit in support of Tan Seow Wan, affirmed on 31 December 2021 ("Injunction Affidavit in Support") ("Second Injunction Application").

On 6 January 2022, the High Court fixed the Order 14A Application for hearing on 18 February 2022 and the trial dates for the Litigation be rescheduled to 15 June 2022, 16 June 2022 and 17 June 2022.

The Order 14A Application filed by Empire was heard by the High Court on 18 February 2022. The Order 14A Application was dismissed; and costs of RM30,000 each is awarded to the 1st & 2nd Defendants, the 3rd Defendant and the 4th Defendant. Following the dismissal of the Order 14A Application, the Second Injunction Application filed by Empire pending the disposal of the Order 14A Application was struck out by the High Court, with no order as to costs.

Empire's solicitors had on 3 March 2022 filed a notice of appeal with the Court of Appeal against the High Court's decision to dismiss the Order 14A Application ("Order 14A Appeal"). The Court of Appeal fixed a new hearing date for the Order 14A Appeal on 30 March 2023.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION (continued)

- (a) KUALA LUMPUR HIGH COURT CIVIL SUIT NO. WA-22NCC-295-07/2021 EMPIRE HOLDINGS LTD (“PLAINTIFF”) VS ITHMAAR DEVELOPMENT COMPANY LTD (“1ST DEFENDANT”), ITHMAAR BANK B.S.C. (“2ND DEFENDANT”), MAAG (“3RD DEFENDANT”), TUNKU DATO' YAACOB KHYRA (“4TH DEFENDANT”) AND TURIYA BERHAD (“5TH DEFENDANT”) (COLLECTIVELY REFERRED TO AS “DEFENDANTS”) (continued)

The Trial for the Writ was conducted in person at the High Court before YA OCK, on 15 June 2022 and 16 June 2022.

As the Trial for the Writ was part heard, YA OCK fixed additional trial dates for the Writ to be concluded, on 28 September 2022, 29 September 2022, 30 September 2022, 28 November 2022, 29 November 2022 and 30 November 2022.

- (b) KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.WA-24NCC-658-05/2022 TURIYA BERHAD (“TURITA” OR “PLAINTIFF”) VS MAA GROUP BERHAD (“MAAG” OR “1ST DEFENDANT”) AND EMPIRE HOLDINGS LIMITED (“EMPIRE” OR “2ND DEFENDANT”)

The Company, on 13 May 2022, had been served with a sealed copy of an Originating Summons dated 12 May 2022 from the Plaintiff (“OS”), and an Affidavit in Support affirmed on 12 May 2022 by Jayapalasingam a/l Kandiah, the Senior Independent Non-Executive Director of the Plaintiff (“ROD Determination”).

The Plaintiff is seeking the determination of and directions from the High Court of Malaya at Kuala Lumpur (“High Court”), for the following question:

“Whether the Plaintiff and/or the board of directors of the Plaintiff and/or the officers of the Plaintiff, including the share registrar of the Plaintiff, is obliged to provide the record of depositors of the Plaintiff as at 10 May 2022, to MAAG, to enable MAAG to despatch the offer document for the take-over offer by MAAG to acquire all the remaining ordinary shares in the Plaintiff not already held by MAAG and its persons acting in concert, in compliance with paragraph 11.02 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, as requested by MAAG vide its letter dated 6 May 2022”.

On 2 June 2022, solicitors for MAAG were served by the solicitors for Empire, with a notice of application dated 1 June 2022, filed by Empire on 1 June 2022 (“Stay Application”). The Stay application was for an order for stay of proceedings of the ROD Determination, pending the disposal of the judicial review application filed by Turiya on 13 May 2022 at the High Court, against the Securities Commission Malaysia, MAAG and Empire, in judicial review application no. WA-25-369-05/2022.

The hearing at the High Court, for the ROD Determination and the Stay Application, was held on 2 June 2022. During the hearing, Turiya withdrew the ROD Determination and Empire withdrew the Stay Application.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION (continued)

- (c) HIGH COURT OF MALAYA AT KUALA LUMPUR (SPECIAL POWERS DIVISION) (“HIGH COURT”) APPLICATION FOR JUDICIAL REVIEW NO. WA-25-369-05/2022 (“JUDICIAL REVIEW APPLICATION”) TURIYA BERHAD (“APPLICANT” OR “TURIYA”) VS SECURITIES COMMISSION MALAYSIA (“1ST RESPONDENT” OR “SC”), MAA GROUP BERHAD (“2ND RESPONDENT” OR “MAAG”) AND EMPIRE HOLDINGS LIMITED (“3RD RESPONDENT” OR “EMPIRE”)

The Company, on 1 June 2022, had been served with cause papers relating to the Judicial Review Application, including, a sealed copy of an *ex parte* application for leave to commence judicial review dated 13 May 2022 from the Applicant (Turiya), an Affidavit in Support affirmed on 13 May 2022, by Jayapalasingam a/l Kandiah, the Senior Independent Non-Executive Director of the Applicant (Turiya), and a sealed copy order of the Kuala Lumpur High Court dated 23 May 2022.

In the Judicial Review Application, the Applicant (Turiya) applied for:

- (i) leave of the High Court to apply for a mandamus order to compel the 1st Respondent (SC) to investigate the allegations made by 3rd Respondent (Empire) regarding contraventions of securities laws and Listing Requirements in respect of a Notice of Unconditional Mandatory Take-Over Offer by the 2nd Respondent (MAAG) for all remaining ordinary shares in Turiya which is not already held by the 2nd Respondent (MAAG) (“Notice”);
- (ii) an order that the whole of the 2nd Respondent’s unconditional mandatory take-over offer (“Offer”) process be stayed pending the disposal of the Judicial Review Application and if leave is granted, pending the disposal of the substantive Judicial Review Application;
- (iii) costs in the cause; and
- (iv) such further reliefs as the High Court deems fit and suitable.

On 23 May 2022, the High Court granted the following orders:

- (i) that the Applicant (Turiya) be granted leave to apply for a mandamus order to compel the 1st Respondent (SC) to investigate the allegations made by the 3rd Respondent (Empire) regarding contraventions of securities laws and Listing Requirements in respect of the Notice; and
- (ii) an interim stay order that the whole Offer process be stayed with liberty to the Respondents to set it aside (“Interim Stay Order”).

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION (continued)

- (c) HIGH COURT OF MALAYA AT KUALA LUMPUR (SPECIAL POWERS DIVISION) (“HIGH COURT”) APPLICATION FOR JUDICIAL REVIEW NO. WA-25-369-05/2022 (“JUDICIAL REVIEW APPLICATION”) TURIYA BERHAD (“APPLICANT” OR “TURIYA”) VS SECURITIES COMMISSION MALAYSIA (“1ST RESPONDENT” OR “SC”), MAA GROUP BERHAD (“2ND RESPONDENT” OR “MAAG”) AND EMPIRE HOLDINGS LIMITED (“3RD RESPONDENT” OR “EMPIRE”) (continued)

In this regard, the High Court provided the following directions:

- (i) Turiya to file and serve a Notice of Application to withdraw the Judicial Review Application (“Withdrawal Application”), on or before 13 June 2022;
- (ii) MAAG to file and serve a Notice of Application to set aside the interim stay order granted by the High Court on 23 May 2022 (“Setting Aside Application”), on or before 17 June 2022; and
- (iii) The Hearing date for both the Withdrawal Application and the Setting Aside Application is fixed before the High Court Judge, Yang Arif Hakim Dato’ Wan Ahmad Farid bin Wan Salleh (“YA WAF”), on 27 June 2022.

On 13 June 2022, solicitors for Turiya filed with the High Court and served on the solicitors for MAAG, the Withdrawal Application.

On 17 June 2022, solicitors for MAAG filed with the High Court and served on the solicitors for Turiya, the Setting Aside Application.

The online Hearing for both the Withdrawal Application and the Setting Aside Application was conducted on 27 June 2022 before YA WAF.

The Securities Commission Malaysia did not object to the Withdrawal Application.

Upon hearing all parties present, YA WAF granted an order in terms of the Withdrawal Application, with no order as to costs. As a consequential order to the Withdrawal Application being granted by the High Court, the Interim Stay Order, granted by High Court on 23 May 2022, is set aside with no order as to costs. Both orders are effective from 27 June 2022.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION (continued)

- (d) HIGH COURT OF MALAYA AT KUALA LUMPUR (SPECIAL POWERS DIVISION) (“HIGH COURT”) APPLICATION FOR JUDICIAL REVIEW NO. WA-25-391-06/2022 (“EMPIRE’S JUDICIAL REVIEW APPLICATION”) EMPIRE HOLDINGS LTD (“APPLICANT” OR “EMPIRE”) VS SECURITIES COMMISSION MALAYSIA (“1ST RESPONDENT” OR “SC”), MAA GROUP BERHAD (“2ND RESPONDENT” OR “MAAG”) AND TURIYA BERHAD (“3RD RESPONDENT” OR “TURIYA”)

The Company, on 22 June 2022, had been served with cause papers relating to the Judicial Review Application, including, a sealed copy of an *ex parte* application for leave to commence judicial review dated 7 June 2022 from the Applicant (Empire) , an Affidavit in Support affirmed on 7 June 2022, by Tan Seow Wan, the General Manager of the Applicant (Empire), and a sealed copy order of the High Court dated 13 June 2022.

In the Empire’s Judicial Review Application, the Applicant (Empire) applied, ex-parte for:

- (i) leave of the High Court to apply for a mandamus order to compel the 1st Respondent (SC) to investigate the allegations made by 3rd Respondent (Turiya), in a thorough and complete manner, regarding contraventions of securities laws and Listing Requirements in respect of a Notice of Unconditional Mandatory Take-Over Offer by the 2nd Respondent (MAAG) for all remaining ordinary shares in Turiya which is not already held by the 2nd Respondent (MAAG) (“Notice”);
- (ii) an order that the whole of the 2nd Respondent’s (MAAG) unconditional mandatory take-over offer (“Offer”) process be stayed pending the disposal of the Empire’s Judicial Review Application and if leave is granted, pending the disposal of the substantive Empire’s Judicial Review Application;
- (iii) costs in the cause; and
- (iv) such further reliefs as the High Court deems fit and suitable.

On 13 June 2022, the High Court granted the following orders, ex-parte:

- (i) that the Applicant (Empire) be granted leave to apply for a mandamus order to compel the 1st Respondent (SC) to investigate the allegations made by the 3rd Respondent (Empire), in a thorough and complete manner, regarding contraventions of securities laws and Listing Requirements in respect of the Notice; and
- (ii) a stay order that the whole Offer process be stayed pending the disposal of the substantive application of the Empire’s Judicial Review Application.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION (continued)

- (d) HIGH COURT OF MALAYA AT KUALA LUMPUR (SPECIAL POWERS DIVISION) (“HIGH COURT”) APPLICATION FOR JUDICIAL REVIEW NO. WA-25-391-06/2022 (“EMPIRE’S JUDICIAL REVIEW APPLICATION”) EMPIRE HOLDINGS LTD (“APPLICANT” OR “EMPIRE”) VS SECURITIES COMMISSION MALAYSIA (“1ST RESPONDENT” OR “SC”), MAA GROUP BERHAD (“2ND RESPONDENT” OR “MAAG”) AND TURIYA BERHAD (“3RD RESPONDENT” OR “TURIYA”) (continued)

During the Case Management on 27 June 2022, solicitors for MAAG informed the High Court that they reserve the rights to file the following:

- (i) MAAG’s Notice of Application for security for costs against Empire (“Application for Security for Costs”);
- (ii) MAAG’s Notice of Application to set aside the interim stay order granted by the High Court on 13 June 2022 (“Setting Aside Application”); and
- (iii) MAAG’s Certificate of Urgency for the Application for Security for Costs and the Setting Aside Application (“Certificate of Urgency”).

In regard, the High Court provided the following directions:

- (i) MAAG to file and serve on Empire the affidavit in reply of the Empire’s Judicial Review Application by 11 July 2022;
- (ii) MAAG to file and serve on Empire the Application for Security for Costs and the affidavit in support of the Application for Security for Costs by 11 July 2022;
- (iii) MAAG to file and serve on Empire the Setting Aside Application and the affidavit in support of the Setting Aside Application by 11 July 2022;
- (iv) Empire to file and serve on MAAG the affidavit in reply to MAAG’s affidavit in reply for the Empire’s Judicial Review Application by 25 July 2022;
- (v) Parties may, upon agreement, change the dates for the filing of affidavits without leave of the High Court;
- (vi) The next Case Management is fixed on 19 July 2022, by online e-review; and
- (vii) If MAAG files the Certificate of Urgency, the High Court will fix a separate Case Management, on a date to be determined by the High Court, if require.

On 4 July 2022, the Solicitors of MAAG files with the High Court and served on Empire, MAAG’s notice of application for security for costs against Empire (“Application for Security for Costs”) and MAAG’s Certificate of Urgency.

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NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B14. CHANGES IN MATERIAL LITIGATION (continued)

- (d) HIGH COURT OF MALAYA AT KUALA LUMPUR (SPECIAL POWERS DIVISION) (“HIGH COURT”) APPLICATION FOR JUDICIAL REVIEW NO. WA-25-391-06/2022 (“EMPIRE’S JUDICIAL REVIEW APPLICATION”) EMPIRE HOLDINGS LTD (“APPLICANT” OR “EMPIRE”) VS SECURITIES COMMISSION MALAYSIA (“1ST RESPONDENT” OR “SC”), MAA GROUP BERHAD (“2ND RESPONDENT” OR “MAAG”) AND TURIYA BERHAD (“3RD RESPONDENT” OR “TURIYA”) (continued)

On 8 August 2022, solicitors for SC filed a Notice of Application for security for costs against Empire (“SC Application for Security for Costs”) and an affidavit in support of the SC Application for Security for Costs, affirmed by Ahmad Zulkharnain bin Musa, General Manager of the Take-overs & Mergers Department of the SC, on 8 August 2022.

On 11 August 2022, the following matters were conducted at the High Court (Special Powers Court 1), before Tang Arif Hakim Dato’ Ahmad Kamal bi Md. Shahid (“YA Dato’ Ahmad Kamal”):

- (i) Case Management for the substantive Hearing of Empire’s Judicial Review Application;
- (ii) Hearing for the Application for Security for Costs; and
- (iii) Hearing for the SC Application for Security for Costs.

During the Hearing for the SC Application for Security for Costs, YA Dato’ Ahmad Kamal provided the following directions:

- (i) Empire to file and serve on the SC, the affidavit in reply of the SC Application for Security for Costs by 25 August 2022;
- (ii) The SC to file and serve on Empire, a reply to Empire’s affidavit in reply by 8 September 2022;
- (iii) Both Empire and the SC to file written submissions by 22 September 2022;
- (iv) Both Empire and the SC to file written submissions in reply, if any, by 29 September 2022; and
- (v) The Hearing for the SC Application for Security for Costs is fixed on 17 October 2022, in open court, at 9am, before YA Dato’ Ahmad Kamal.

All parties, and YA Dato’ Ahmad Kamal, agreed that the Application for Security for Costs and the SC Application for Security for Costs should be heard together on 17 October 2022.

YA Dato’ Ahmad Kamal also fixed a new Case Management date for the substantive Hearing for Empire’s Judicial Review Application (Enclosure 13) on 17 October 2022, after the Hearing for the Application for Security for Costs (Enclosure 16) and the SC Application for Security for Costs.

MAA GROUP BERHAD (“MAAG” or “the Company”)

Registration No. 199801015274 (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2022

B15. DIVIDEND PAYABLE

The Board of Directors does not recommend any dividend in respect of the current financial period ended 30 June 2022.

B16. BASIC LOSS PER SHARE

	3 months period ended		18 months period ended	
	30.6.2022	30.6.2021 ^(*)	30.6.2022	30.6.2021 ^(*)
<u>Attributable to the Owners of the Company:</u>				
Net loss for the quarter/period (RM'000)	(68,134)	-	(133,925)	-
Weighted average number of ordinary shares in issue ('000)	263,732	-	263,732	-
Basic loss per share (sen)	(25.83)	-	(50.78)	-

^(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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: 30 AUGUST 2022