



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

**INTERIM FINANCIAL STATEMENT**  
**FOR THE QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	3 months ended		Changes %
	31.03.2020 RM'000 Unaudited	31.03.2019 RM'000 Unaudited	
Revenue	103,078	103,643	(0.5)
Cost of sales	(68,951)	(68,412)	0.8
Gross profit	<u>34,127</u>	<u>35,231</u>	(3.1)
Other income	35,917	48,168	(25.4)
Administrative expenses	(18,774)	(17,212)	9.1
Other expenses	<u>(85,604)</u>	<u>(42,632)</u>	>100.0
<b>Operating (loss)/profit</b>	<u>(34,334)</u>	23,555	> (100.0)
Finance costs	(193)	(163)	18.4
<b>(Loss)/profit before tax</b>	<u>(34,527)</u>	23,392	> (100.0)
Income tax expense	<u>(2,480)</u>	<u>(4,879)</u>	(49.2)
<b>(Loss)/profit for the period</b>	<u><u>(37,007)</u></u>	<u><u>18,513</u></u>	> (100.0)
<b>(Loss)/profit attributable to:</b>			
Owners of the Company	(29,760)	12,086	> (100.0)
Non-controlling interests	<u>(7,247)</u>	<u>6,427</u>	> (100.0)
	<u><u>(37,007)</u></u>	<u><u>18,513</u></u>	> (100.0)
<b>(Loss)/earnings per share attributable to owners of the Company : (sen per share)</b>			
Basic and diluted	<u>(4.2)</u>	<u>1.7</u>	

The above condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	<b>As at</b>	<b>As at</b>
	<b>31.3.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	67,923	69,055
Right-of-use ("ROU") assets	7,730	8,341
Investment properties	816,792	817,256
Investment securities	997,852	987,752
Intangible assets	46,414	46,427
Receivables	112,550	41,713
Deferred tax assets	4,312	4,326
Tax recoverable	16,699	19,114
	<u>2,070,272</u>	<u>1,993,984</u>
<b>Current assets</b>		
Inventories	152	216
Receivables	233,087	274,626
Reinsurance assets	368,303	368,555
Tax recoverable	5,519	1,149
Investment securities	397,445	405,754
Cash and bank balances	260,416	285,837
	<u>1,264,922</u>	<u>1,336,137</u>
<b>Total assets</b>	<b><u>3,335,194</u></b>	<b><u>3,330,121</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	1,011,091	1,011,091
Other reserves	(336,821)	(336,821)
Merger deficit	(28,464)	(28,464)
Retained earnings	713,586	742,977
	<u>1,359,392</u>	<u>1,388,783</u>
Non-controlling interests	337,736	333,638
<b>Total equity</b>	<b><u>1,697,128</u></b>	<b><u>1,722,421</u></b>
<b>Non-current liabilities</b>		
Lease liabilities	5,650	6,225
Deferred tax liabilities	10,337	9,553
	<u>15,987</u>	<u>15,778</u>
<b>Current liabilities</b>		
Payables	157,382	149,908
Put & Call Options	453,784	444,300
Lease liabilities	2,322	2,315
Insurance contract liabilities	997,459	985,082
Borrowings	8,000	4,000
Tax payable	3,132	6,317
	<u>1,622,079</u>	<u>1,591,922</u>
<b>Total liabilities</b>	<b><u>1,638,066</u></b>	<b><u>1,607,700</u></b>
<b>Total equity and liabilities</b>	<b><u>3,335,194</u></b>	<b><u>3,330,121</u></b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b><u>1.9</u></b>	<b><u>1.9</u></b>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2020

I-----Attributable to owners of the Company-----I

	I---Non-distributable---I Distributable				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Other reserves RM'000	Merger deficit RM'000	Retained earnings RM'000			
<b>At 1 January 2019</b>	1,011,091	(336,821)	(28,464)	710,688	1,356,494	262,851	1,619,345
<b>Adjustment from adoption of MFRS 16</b>	-	-	-	(137)	(137)	(10)	(147)
	1,011,091	(336,821)	(28,464)	710,551	1,356,357	262,841	1,619,198
Profit for the period	-	-	-	12,086	12,086	6,427	18,513
Arising from creation of units in a subsidiary	-	-	-	764	764	4,219	4,983
<b>At 31 March 2019</b>	<b>1,011,091</b>	<b>(336,821)</b>	<b>(28,464)</b>	<b>723,401</b>	<b>1,369,207</b>	<b>273,487</b>	<b>1,642,694</b>
<b>At 1 January 2020</b>	1,011,091	(336,821)	(28,464)	742,977	1,388,783	333,638	1,722,421
Loss for the period	-	-	-	(29,760)	(29,760)	(7,247)	(37,007)
Arising from increase in equity interests in a subsidiary	-	-	-	-	-	(3)	(3)
Arising from creation of units in a subsidiary	-	-	-	369	369	11,348	11,717
<b>At 31 March 2020</b>	<b>1,011,091</b>	<b>(336,821)</b>	<b>(28,464)</b>	<b>713,586</b>	<b>1,359,392</b>	<b>337,736</b>	<b>1,697,128</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2020**

	3 months ended	
	31.03.2020	31.03.2019
	RM'000 Unaudited	RM'000 Unaudited
<b>OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(34,527)	23,392
Adjustments for:		
Depreciation of property, plant and equipment	1,252	1,224
Depreciation of ROU assets	611	672
Depreciation of investment properties	464	463
Amortisation of premiums	343	186
Amortisation of intangible assets	1,106	775
Impairment on property, plant and equipment	1	-
Allowance for ECL on insurance receivables	439	1,518
Bad debts recovered	-	(10)
Realised gain on financial assets at FVTPL	(5,257)	(1,407)
Adjustment arising from revaluation of Put Option	9,484	7,039
Dividend income on shares and unit trusts	(389)	(518)
Interest expense	84	28
Interest on lease liabilities	109	136
Interest income	(16,429)	(13,107)
Loss/(gain) arising from fair value change in financial assets at FVTPL	37,780	(21,007)
<b>Operating cash flows before working capital changes</b>	<b>(4,929)</b>	<b>(616)</b>
Changes in working capital:		
Inventories	64	(18)
Receivables	(19,121)	4,113
Reinsurance assets	252	13,183
Insurance contract liabilities	12,377	(5,257)
Payables	7,456	(897)
<b>Cash flows (used in)/generated from operations</b>	<b>(3,901)</b>	<b>10,508</b>
Income tax paid	(6,822)	(2,177)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(10,723)</b>	<b>8,331</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of :		
- property, plant and equipment	31	-
- investment securities	106,731	101,262
Purchase of :		
- additional shares in a subsidiary	(3)	-
- intangible assets	(1,093)	(875)
- property, plant and equipment	(152)	(419)
- investment securities	(141,388)	(196,102)
Dividend received from shares and unit trusts	389	518
Interest received	17,530	13,106
Net movement in fixed deposits with licensed bank	(82,386)	96,665
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(100,341)</b>	<b>14,155</b>
<b>FINANCING ACTIVITIES</b>		
Net movement of borrowings	4,000	800
Interest expense paid	(66)	(24)
Repayment of lease liabilities	(677)	(756)
<b>Net cash flows generated from financing activities</b>	<b>3,257</b>	<b>20</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(107,807)</b>	<b>22,506</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>188,478</b>	<b>108,620</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>80,671</b>	<b>131,126</b>
<b>Cash and cash equivalents consist of :</b>		
Deposits, cash and bank balances	260,416	651,485
Fixed deposits with licensed banks with maturity period of more than 3 months	(179,745)	(520,359)
	<b>80,671</b>	<b>131,126</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

## **A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

### **A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the requirements of the Companies Act, 2016 in Malaysia, where applicable.

The condensed consolidated interim financial statements have also been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework for insurers issued by Bank Negara Malaysia (“BNM”).

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

### **A2 Significant accounting policies**

#### **A2.1 Adoption of Amendments to Standards**

The accounting policies adopted in the preparation of the Condensed Report are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended December 2019, except for the following:

##### **Effective for financial periods beginning on or after 1 January 2020**

Amendments to MFRS 3 Business Combinations – *Definition of a business*  
Amendments to MFRS 101: *Presentation of Financial Statements – Definition of Material*  
Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*  
Amendments to MFRS 9: *Financial Instruments*, MFRS 139 *Financial instruments: Recognition And Measurement* and MFRS 7 *Financial Instruments: Disclosures: Interest Rate Benchmark Reform*

#### **A2.2 Standards issued but not yet effective**

As at date of authorization of this Condensed Report, the following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

##### **Effective for financial periods beginning on or after 1 January 2021**

MFRS 17 Insurance Contracts

##### **Effective for financial periods beginning on or after 1 January 2022**

Amendments to MFRS 101 – *Classification of Liabilities as Current or Non-current*

##### **Effective date of these Amendments to Standards has been deferred, and yet to announced**

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 Associates or Joint Venture*

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group.

**A3 Seasonal or Cyclical Factors**

The performance of the Group is not affected by any seasonal or cyclical factors but is generally dependent on the prevailing economic environment.

**A4 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year-to-date ended 31 March 2020.

**A5 Significant estimates and changes in estimates**

There were no changes in estimates that have had any material effect during the current quarter and year-to-date ended 31 March 2020.

**A6 Debt and equity securities**

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and year-to-date ended 31 March 2020.

**A7 Dividends Paid**

No dividend was paid during the current quarter and year-to-date under review.

**A8 Segmental Information**

	3 months ended		Changes %
	31.03.2020 RM'000	31.03.2019 RM'000	
<b>Segmental Revenue</b>			
Insurance	93,842	94,430	(0.6)
Credit	4,262	2,433	75.2
Investments	4,974	6,780	(26.6)
<b>Total</b>	<b>103,078</b>	<b>103,643</b>	<b>(0.5)</b>
<b>Segmental Results</b>			
Insurance	(13,706)	18,054	> (100.0)
Credit	(17,821)	6,382	> (100.0)
Investments	(3,000)	(1,044)	> (100.0)
	(34,527)	23,392	> (100.0)
Income tax expense	(2,480)	(4,879)	(49.2)
<b>(Loss)/profit for the period</b>	<b>(37,007)</b>	<b>18,513</b>	<b>&gt; (100.0)</b>

**A8 Segmental Information (cont'd.)****Assets and Liabilities as at 31 March 2020**

	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Insurance	1,845,775	1,137,894
Credit	596,972	459,486
Investments	892,447	40,686
<b>Total</b>	<b>3,335,194</b>	<b>1,638,066</b>

**Assets and Liabilities as at 31 December 2019**

	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Insurance	1,826,066	1,114,333
Credit	606,202	450,541
Investments	897,853	42,826
<b>Total</b>	<b>3,330,121</b>	<b>1,607,700</b>

**A9 Other income**

	<b>3 months ended</b>		<b>Changes %</b>
	<b>31.03.2020 RM'000</b>	<b>31.03.2019 RM'000</b>	
Interest income	16,429	13,107	25.3
Dividend income	389	518	(24.9)
Fair value changes in financial assets at FVTPL	-	21,007	> (100.0)
Fee and commission income	13,059	9,340	39.8
Gain on disposal of property, plant and equipment	-	66	> (100.0)
Realised gain on financial assets at FVTPL	5,257	1,407	> 100.0
Service income earned from Malaysia Motor Insurance Pool ("MMIP")	673	938	(28.3)
Others	110	1,785	(93.8)
<b>Total</b>	<b>35,917</b>	<b>48,168</b>	<b>(25.4)</b>

## A10 Financial Instruments

### (i) Classification

The following table analyses the financial assets and liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
<b>ASSETS</b>		
<b>Financial assets at FVTPL</b>		
Investment securities:		
- quoted shares	670,304	689,299
- unquoted bonds	724,993	704,207
	<u>1,395,297</u>	<u>1,393,506</u>
<b>Financial assets at amortised cost</b>		
Receivables	295,329	264,704
Cash and bank balances	260,416	285,837
	<u>555,745</u>	<u>550,541</u>
<b>Total financial assets</b>	<u>1,951,042</u>	<u>1,944,047</u>
	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
<b>LIABILITIES</b>		
<b>Liabilities at amortised cost</b>		
Put and Call Options	453,784	444,300
Lease liabilities	7,972	8,540
Payables	133,497	124,510
Borrowings	8,000	4,000
<b>Total financial liabilities</b>	<u>603,253</u>	<u>581,350</u>

### (ii) Fair Values

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

The table hereinafter analyses those financial instruments carried at fair value by their valuation methods and non-financial assets which are carried at cost in the statements of financial position, of which their fair value is disclosed. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) of identical assets in active markets

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

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



(ii) **Fair Values (cont'd.)**

**(a) Financial instruments that are carried at fair value (cont'd.)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 31 March 2020</b>				
<b>Financial assets at FVTPL</b>				
Quoted shares/unit trusts	670,304	-	-	670,304
Unquoted debt securities/shares	-	720,510	4,483	724,993
	<b>670,304</b>	<b>720,510</b>	<b>4,483</b>	<b>1,395,297</b>
<b>As at 31 December 2019</b>				
<b>Financial assets at FVTPL</b>				
Quoted shares/unit trusts	689,299	-	-	689,299
Unquoted debt securities/shares	-	699,802	4,405	704,207
	<b>689,299</b>	<b>699,802</b>	<b>4,405</b>	<b>1,393,506</b>

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

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

**A11 Related Party Disclosures**

	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Affiliated companies</b>		
Insurance premium receivables	886	1,019
Management fee receivable	111	154
Insurance commission payable	(10)	(50)
Claims paid	(51)	(107)
Professional fees paid	-	(6)
IT management fee payable	(19)	(19)
Dividend received	598	797

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

Affiliated companies during the financial period refer to the following:

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

**A12 Contingent Liabilities**

As at 22 May 2020, the Board is not aware of any material contingent liabilities which have become enforceable or are likely to become enforceable which will affect the ability of the Company or any of its subsidiaries to meet its obligations as and when they fall due.

**A13 Events after the reporting**

There was no material event subsequent to the current quarter and year-to-date ended 31 March 2020.

**A14 Capital Commitments**

	<b>As at 31.03.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
<b>Approved and contracted for :</b>		
Computer and software	<u>671</u>	<u>573</u>

**A15 Operating Lease Arrangements****The Group as lessor**

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

	<b>As at 31.03.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Not later than 1 year	5,991	7,184
Later than 1 year and not later than 5 years	<u>667</u>	<u>1,801</u>
<b>Total future minimum lease receivables</b>	<u><b>6,658</b></u>	<u><b>8,985</b></u>

**A16 Unusual Items Affecting Interim Financial Report**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year-to-date ended 31 March 2020.

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

### B1 Review of performance of the Group

	3 months ended		Changes %
	31.03.2020 RM'000	31.03.2019 RM'000	
Revenue	103,078	103,643	(0.5)
Operating (loss)/profit	(34,334)	23,555	> (100.0)
(Loss)/profit before tax	(34,527)	23,392	> (100.0)
(Loss)/profit after tax	(37,007)	18,513	> (100.0)
(Loss)/profit attributable to owners of the Company	(29,760)	12,086	> (100.0)

#### 1Q2020 vs 1Q2019

Revenue for 1Q2020 at RM103.1 million was RM0.5 million lower compared to revenue of RM103.6 million posted in 1Q2019 mainly due to lower earned premiums recorded by Insurance and the Investment segments.

Loss Before Tax ("LBT") for 1Q2020 was at RM34.5 million compared to the profit before tax ("PBT") of RM23.4 million in 1Q2019. The unfavourable result was mainly due to changes in the fair value of financial assets at Fair Value Through Profit and Loss.

#### **Insurance**

The Insurance subsidiary recorded a LBT of RM13.7 million in 1Q2020 compared to PBT of RM18.1 million in 1Q2019 due to lower earned premiums and to changes in the fair value of financial assets at Fair Value Through Profit and Loss.

#### **Credit**

In 1Q2020, the Credit segment recorded LBT of RM17.8 million compared to PBT of RM6.4 million reported in 1Q2019 mainly due to changes in the fair value of financial assets at Fair Value Through Profit and Loss.

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

	3 months ended	3 months ended	Changes %
	31.03.2020 RM'000	31.12.2019 RM'000	
Revenue	103,078	111,224	(7.3)
Operating (loss)/profit	(34,334)	3,956	> (100.0)
(Loss)/profit before tax	(34,527)	3,823	> (100.0)
(Loss)/profit after tax	(37,007)	9,917	> (100.0)
Loss attributable to owners of the Company	(29,760)	(1,458)	> (100.0)

#### 1Q2020 vs 4Q2019

In 1Q2020, LBT of RM34.5 million compared to PBT of RM3.8 million posted in 4Q2019 was mainly due to loss on fair value of financial assets from investment income.

### B3 Group's prospects

The Malaysian economy moderated to 0.7% in 1Q2020. The moderation reflected the impact of global and domestic measures taken to contain the spread of COVID 19 pandemic. International and domestic travel restrictions, control of non-essential services, reduced operating hours and mandatory social distancing had curtailed economic activity.

Bank Negara Malaysia forecasted Malaysian's gross domestic product growth to be between -2.0% to 0.5% in 2020 due to weak global demand, disruption in the supply chains and global COVID 19 containment measures .

### B3 Group's prospects (cont'd.)

#### Insurance

Insurance subsidiary has grown its topline by 16% in the 1Q2020 compared to 1Q2019. It continues its "Build as We Grow" strategy to widen its distribution channels, enhance its product offerings, expand profitably, drive for operational efficiency, and engage with its Partners, Customers, Human Capital, and Local Society through Lifetime Partnership, Net Promoter Score, Engagement, Diversity and Inclusion, and Corporate Social Responsibility programs.

#### Credit

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

#### Investments

COVID 19 pandemic has further dampened property market with Movement Control Order imposed by Malaysian government and going forward, the Group will conserve its resources.

### B4 Profit Forecast and Profit Guarantee

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

### B5 Income Tax Expense

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Income tax expense	2,480	4,879
Total income tax expense	<u>2,480</u>	<u>4,879</u>

Income tax is calculated at the Malaysian statutory rate of 24% (2019: 24%) of the estimated assessable profit for the current quarter and previous corresponding periods.

The effective tax rate for the Group for the current quarter was higher than the statutory rate due to non-deductible expenses.

### B6 (Loss)/profit before tax

Included in the (loss)/profit before tax are the following items:

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Amortisation of intangible assets	1,106	775
Amortisation of premiums	343	186
Depreciation of property, plant and equipment	1,252	1,224
Depreciation of ROU assets	611	672
Depreciation of investment properties	464	463
Dividend income on shares and unit trusts	(389)	(518)
Fund management charges	624	34
Fair value changes in financial assets at FVTPL	37,780	(21,007)
Interest expense	193	164
Interest income	(16,429)	(13,107)
Loss on disposal of property, plant and equipment	1	-
Adjustment arising from the revaluation of Put Option	9,484	7,039
Service fees and storage fee	263	-
Realised gain on financial assets at FVTPL	(5,257)	(1,407)
Allowance for ECL of loans and advances and trade receivables	439	1,518
Bad debts recovered	-	(10)

**B7 Receivables**

	<b>As at 31.03.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Trade receivables	249,147	219,989
Less: allowance for ECL	(31,586)	(31,147)
Total trade receivables	<u>217,561</u>	<u>188,842</u>
Other receivables	128,226	127,647
Less: allowance for ECL	(150)	(150)
Total other receivables	<u>128,076</u>	<u>127,497</u>
<b>Total receivables</b>	<b><u>345,637</u></b>	<b><u>316,339</u></b>
Movement of allowance in ECL		
At 1 January	31,297	31,761
Charge for the year (Note B6)	439	(464)
	<u>31,736</u>	<u>31,297</u>

**B8 Corporate Proposals****Non-Compliance (Property)**

Pursuant to the listing of the Company, the Group has undertaken to rectify the following non-compliances as at 31 March 2020. As at current date, the non-compliances are as follows:

- I) The condition imposed on the land title

Syarikat Perniagaan Selangor Sdn Bhd ("SPSSB") is the registered proprietor of a land held under PM 345, Lot 13501, Mukim Hulu Kelang, District of Gombak, State of Selangor Darul Ehsan. This land can only be used for guards' and keepers' quarters. However, a Tenaga Nasional Berhad ("TNB") sub-station and network pumping station has been erected on the said land. SPSSB has liaised with TNB and the Land Office to register a lease in favor of TNB over that portion of land on which the TNB sub-station is situated but the outcome is still pending; and

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

The Group was unable to determine the status of the certificate of fitness for occupation to the buildings erected thereon, the Group has demolished the buildings on the following pieces of land:

- i) GRN 28267, Lot 634, Seksyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, property registered under Caribbean Gateway Sdn Bhd; and
- ii) GRN 28273, Lot 642, Seksyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, property registered under Queensway Nominees (Tempatan) Sdn Bhd.

As for buildings situated on GRN 28274, Lot 643 and GRN 9036, Lot 1199, Seksyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, property registered under Mulpha Kluang Maritime Carriers Sdn Bhd., they remained unoccupied.

## B9 Borrowings

The Group's borrowings are as follows:

	As at 31.03.2020			As at 31.12.2019		
	Non-current RM'000	Current RM'000	Total RM'000	Non-current RM'000	Current RM'000	Total RM'000
Term loan						
- secured	-	8,000	8,000	-	4,000	4,000

All the borrowings are denominated in Ringgit Malaysia.

## B10 Material Litigation

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

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

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

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

On 21 June 2019, the High Court allowed the Plaintiff's claim premised on minority shareholders' oppression under Section 181 of the Companies Act 1965.

The High Court has made the following orders:

1. The Company (as the majority shareholder) is to buy out the Plaintiff's 30% shares in the subsidiaries;
2. The buyout price is to be determined by an independent firm of accountants by taking into account the value of the land owned by the subsidiaries as determined by a licensed valuer;
3. The identities of the firm of accountants and the valuers are to be determined by agreement between the parties within 30 days from 21 June 2019 or if no agreement by the parties, the High Court will make the appointment based on nominations by the 2 parties;
4. ISM and the Company to mutually execute the terms and engagement of the accountant and valuer and shall equally bear the costs of the accountant and valuer;
5. Interest on the buyout sum will accrue at the rate of 5% per annum from the date expiring 7 days from the final determination of the buyout price by the independent accountant until full payment;
6. Nominal damages in the sum of RM10,000.00 to be paid to the Plaintiff with interest of 5% per annum to be calculated from 22 June 2019 to the date of full and final settlement;

**B10 Material Litigation (cont'd.)**

7. Costs of RM100,000.00 to be paid to the Plaintiff, subject to payment of allocator;
8. Both parties are given liberty to apply and
9. The Plaintiff's claim for punitive and exemplary damages and the Defendants' counterclaim are dismissed.

On 28 June 2019, the Defendants have appealed to the Court of Appeal against the judgement made by the High Court on 21 June 2019. On 18 July 2019, the Plaintiff has appealed to the Court of Appeal against certain parts of the judgement made by the High Court on 21 June 2019 (collectively referred to hereinafter as "the Appeals").

The Defendants have filed to the High Court for a stay of the execution of the High Court's judgement dated 21 June 2019 ("Judgement") and all the proceedings relating thereto pending the disposal of the Appeals.

On 13 September 2019, the High Court ordered by consent of the parties ("Consent Order") that the execution of the Judgment and all the proceedings relating thereto be stayed pending the disposal of both the Appeals before the Court of Appeal. Both the Appeals will be heard together by the Court of Appeal and the hearing date for the Appeals has yet to be fixed. The case management for the Appeals has been fixed on 15 July 2020.

**B11 Dividend**

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

**B12 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

**B13 (Loss)/earnings Per Share**

Basic and diluted earnings per share is calculated by dividing the profit or loss for the current quarter attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and year-to-date ended 31 March 2020.

	3 months ended	
	31.03.2020	31.03.2019
(Loss)/profit attributable to owners of the Company (RM'000)	<u>(29,760)</u>	<u>12,086</u>
Weighted average number of ordinary shares in issue ('000)	<u>715,000</u>	<u>715,000</u>
(Loss)/earnings per share (sen per share)	<u>(4.2)</u>	<u>1.7</u>

By Order Of The Board  
Ng Sook Yee  
Company Secretary  
22 May 2020