



MPHB CAPITAL BERHAD
201201025763 (1010253-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended		Changes %
	31.03.2021	31.03.2020	
	RM'000 Unaudited	RM'000 Unaudited	
Revenue	119,144	103,078	15.6
Cost of sales	<u>(71,982)</u>	<u>(68,951)</u>	4.4
Gross profit	47,162	34,127	38.2
Other income	34,751	35,917	(3.2)
Administrative expenses	(20,327)	(18,774)	8.3
Other expenses	<u>(101,485)</u>	<u>(85,604)</u>	18.6
Operating loss	(39,899)	(34,334)	16.2
Finance costs	(114)	(193)	(40.9)
Loss before tax	<u>(40,013)</u>	<u>(34,527)</u>	15.9
Income tax credit/(expense)	5,692	(2,480)	> 100.0
Loss for the period	<u>(34,321)</u>	<u>(37,007)</u>	(7.3)
Loss attributable to:			
Owners of the Company	(20,928)	(29,760)	(29.7)
Non-controlling interests	<u>(13,393)</u>	<u>(7,247)</u>	84.8
	<u>(34,321)</u>	<u>(37,007)</u>	(7.3)
Loss per share attributable to owners of the Company: (sen per share)			
Basic and diluted	<u>(2.9)</u>	<u>(4.2)</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 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	65,068	65,851
Right-of-use ("ROU") assets	8,395	9,143
Investment properties	798,872	799,332
Investment securities	907,343	999,268
Intangible assets	50,597	51,265
Receivables	44,816	44,816
Deferred tax assets	19,832	12,025
Tax recoverable	16,698	16,698
	1,911,621	1,998,398
Current assets		
Inventories	113	116
Receivables	308,818	313,152
Reinsurance assets	523,197	502,293
Tax recoverable	1,533	2,344
Investment securities	638,371	688,823
Cash and bank balances	463,866	230,744
	1,935,898	1,737,472
Total assets	3,847,519	3,735,870
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	1,011,091	1,011,091
Other reserves	41,903	41,903
Merger deficit	(28,464)	(28,464)
Retained earnings	822,069	842,990
	1,846,599	1,867,520
Non-controlling interests	562,763	469,260
Total equity	2,409,362	2,336,780
Non-current liabilities		
Lease liabilities	6,296	7,097
Deferred tax liabilities	8,502	8,503
	14,798	15,600
Current liabilities		
Insurance contract liabilities	1,238,471	1,183,968
Lease liabilities	2,427	2,388
Borrowing	3,000	3,000
Payables	177,345	190,621
Tax payable	2,116	3,513
	1,423,359	1,383,490
Total liabilities	1,438,157	1,399,090
Total equity and liabilities	3,847,519	3,735,870
Net assets per share attributable to owners of the Company (RM)	2.6	2.6

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2021

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

	I--Non-distributable--I			Distributable		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	Total RM'000		
At 1 January 2021	1,011,091	41,903	(28,464)	842,990	1,867,520	469,260	2,336,780
Loss for the period	-	-	-	(20,928)	(20,928)	(13,393)	(34,321)
Arising from creation of units in a subsidiary	-	-	-	7	7	106,896	106,903
At 31 March 2021	1,011,091	41,903	(28,464)	822,069	1,846,599	562,763	2,409,362
At 1 January 2020	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
At 31 March 2020	1,011,091	(336,821)	(28,464)	713,586	1,359,392	337,736	1,697,128

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2021

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
	Unaudited	Unaudited
OPERATING ACTIVITIES		
Loss before tax	(40,013)	(34,527)
Adjustments for:		
Depreciation of property, plant and equipment	1,153	1,252
Depreciation of ROU assets	644	611
Depreciation of investment properties	460	464
Amortisation of intangible assets	1,271	1,106
Property, plant and equipment written off	2	1
Allowance for expected credit losses ("ECL") on insurance receivables	245	487
Reversal of ECL on trade receivables	-	(48)
Realised loss/(gain) on financial assets at FVTPL	8,299	(5,257)
Adjustment arising from revaluation of Put Option	-	9,484
Dividend income	(664)	(389)
Interest expense	42	84
Interest on lease liabilities	72	109
Interest income	(15,715)	(16,429)
Net loss arising from fair value changes in financial assets at FVTPL	51,274	37,780
Operating cash flows before working capital changes	7,070	(5,272)
Changes in working capital:		
Inventories	3	64
Receivables	110,975	(19,121)
Reinsurance assets	(20,904)	252
Insurance contract liabilities	54,503	12,377
Payables	(13,276)	7,456
Cash flows generated from/(used in) operations	138,371	(4,244)
Income tax paid	(2,702)	(6,822)
Net cash flows generated from/(used in) operating activities	135,669	(11,066)
INVESTING ACTIVITIES		
Proceeds from disposal of:		
- property, plant and equipment	-	31
- investment securities	283,527	106,731
Purchase of:		
- additional shares in a subsidiary	-	(3)
- intangible assets	(603)	(1,093)
- property, plant and equipment	(372)	(152)
- investment securities	(200,723)	(141,045)
Dividend received	664	389
Interest received	15,714	17,530
Net movement in fixed deposits with licensed bank	(60,894)	(82,386)
Net cash flows generated from/(used in) investing activities	37,313	(99,998)
FINANCING ACTIVITIES		
Net movement of borrowing	-	4,000
Interest paid	(42)	(66)
Payment of principal portion of lease liabilities	(712)	(677)
Net cash flows (used in)/generated from financing activities	(754)	3,257
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	172,228	(107,807)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133,385	188,478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	305,613	80,671
Cash and cash equivalents consist of:		
Deposits, cash and bank balances	463,866	260,416
Fixed deposits with licensed banks with maturity period of more than 3 months	(158,253)	(179,745)
	305,613	80,671

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 2020 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 have been prepared in accordance with MFRS 134 *Interim Financial Reporting*, International Accounting Standard (“IAS”), 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 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 2020. The explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

A2 Significant Accounting Policies

A2.1 Adoption of Amendments to Standards

The accounting standards adopted in the preparation of the unaudited interim financial statements are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2020, except for the following which were adopted at the beginning of this quarter:

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

A2.2 Standards Issued but Not Yet Effective

As at the date of authorisation of this unaudited interim financial statements, 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 April 2021

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

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to MFRS Standards 2018 - 2020:
- Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9 Financial Instruments

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Accounting Estimates*

Effective date of these Amendments to Standards has been deferred, and yet to be 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 Associate or Joint Venture*

A2 Significant Accounting Policies (cont'd.)

A2.2 Standards Issued but Not Yet Effective (cont'd.)

These pronouncements are expected to have no material impact to the financial statements of the Company upon their initial application. For the Group, the impact from the initial application of MFRS 17 and Amendments to MFRS 17 are as discussed below:

MFRS 17 Insurance Contracts and Amendments to MFRS 17

MFRS 17 will replace MFRS 4 Insurance Contracts. MFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

In August 2020, the MASB issued amendments to MFRS 17 to simplify or clarify certain requirements of MFRS 17 without changing fundamental principles of the standard.

MFRS 17 and Amendments to MFRS 17 are effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

Below are some of the key milestones achieved by the Group:

- Completion of the gap analysis and business requirements;
- Completion of modelling framework for all portfolios;
- Completion of financial impact analysis in determining the measurement model to be applied;
- Technical papers progress is on track;
- System design completed and going into beginning of system build phase; and
- Overall implementation progress is on track.

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items Due To Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 March 2021.

A5 Significant Estimates and Changes in Estimates

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

A6 Debt and Equity Securities

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

A7 Dividend Paid

No dividend was paid during the current quarter under review.

A8 Segmental Information

	3 months ended		Changes %
	31.03.2021 RM'000	31.03.2020 RM'000	
Segmental Revenue			
Insurance	116,317	93,842	23.9
Credit	430	4,262	(89.9)
Investments	2,397	4,974	(51.8)
Total	119,144	103,078	15.6
Segmental Results			
Insurance	(30,055)	(13,706)	> 100.0
Credit	(7,484)	(17,821)	(58.0)
Investments	(2,474)	(3,000)	(17.5)
	(40,013)	(34,527)	15.9
Income tax credit/(expense)	5,692	(2,480)	> (100.0)
Loss for the period	(34,321)	(37,007)	(7.3)

Assets and Liabilities as at 31 March 2021

	Assets RM'000	Liabilities RM'000
Insurance	2,473,037	1,401,627
Credit	495,653	3,829
Investments	878,829	32,701
Total	3,847,519	1,438,157

Assets and Liabilities as at 31 December 2020

	Assets RM'000	Liabilities RM'000
Insurance	2,349,626	1,359,087
Credit	504,546	7,171
Investments	881,698	32,832
Total	3,735,870	1,399,090

A9 Other Income

	3 months ended		Changes %
	31.03.2021 RM'000	31.03.2020 RM'000	
Interest income	15,715	16,429	(4.3)
Dividend income	261	389	(32.9)
Fee and commission income	18,077	13,059	38.4
Realised gain on financial assets at FVTPL	1	5,257	> (100.0)
Service income earned from Malaysian Motor Insurance Pool ("MMIP")	102	673	(84.8)
Rental income from properties	74	110	(32.7)
Others	521	-	> 100.0
Total	34,751	35,917	(3.2)

A10 Financial Instruments

(i) Classification

The following table analyses the financial assets and financial 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.

	31.03.2021	31.12.2020
	RM'000	RM'000
Assets		
Financial assets at FVTPL		
Investment securities:		
- quoted shares	81,791	81,876
- unquoted shares	4,696	4,561
- unquoted unit trust funds	556,580	552,230
- unquoted debt securities	733,880	688,289
- Malaysian Government Securities	168,767	361,135
	<u>1,545,714</u>	<u>1,688,091</u>
Financial assets at amortised cost		
Receivables	311,027	308,398
Cash and bank balances	463,866	230,744
	<u>774,893</u>	<u>539,142</u>
Liabilities		
Liabilities at amortised cost		
Lease liabilities	8,723	9,485
Payables	145,478	161,740
Borrowing	3,000	3,000
Total financial liabilities	<u>157,201</u>	<u>174,225</u>

(ii) Fair Values

(a) Financial instruments that are carried at fair value

The table below 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, but for which fair values are 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)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 31 March 2021				
Financial assets at FVTPL				
Current	81,791	556,580	-	638,371
Non-current	-	902,647	4,696	907,343
	<u>81,791</u>	<u>1,459,227</u>	<u>4,696</u>	<u>1,545,714</u>
As at 31 December 2020				
Financial assets at FVTPL				
Current	81,876	606,947	-	688,823
Non-current	-	994,707	4,561	999,268
	<u>81,876</u>	<u>1,601,654</u>	<u>4,561</u>	<u>1,688,091</u>

A10 Financial Instruments (cont'd.)**(ii) Fair Values (cont'd.)****(b) Financial instruments that are not carried at fair value**

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximation of their fair values due to their short-term nature.

A11 Related Party Disclosures

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Affiliated companies		
Insurance premium receivables	735	886
Management fee receivable	114	111
Insurance commission payable	(28)	(10)
Claims paid	(39)	(51)
Professional fees payables	(9)	-
IT management fee payable	(19)	(19)
Dividend received	403	598

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

Affiliated companies during the financial quarter refer to the following:

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

A12 Contingent Liabilities

As at 18 May 2021, 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 Event After The Reporting Period

There was no material event subsequent to the current quarter ended 31 March 2021.

A14 Significant Event During The Financial Period

There was no significant event during the current quarter ended 31 March 2021.

A15 Changes in Composition of The Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2021.

A16 Capital Commitments

	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for:		
Computer and software	<u>2,343</u>	<u>2,533</u>

A17 Operating Lease Arrangements**The Group as lessor**

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

	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
Not later than 1 year	1,669	2,837
Later than 1 year and not later than 5 years	<u>846</u>	<u>1,108</u>
Total future minimum lease receivables	<u>2,515</u>	<u>3,945</u>

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance of The Group

	3 months ended		Changes %
	31.03.2021 RM'000	31.03.2020 RM'000	
Revenue	119,144	103,078	15.6
Operating loss	(39,899)	(34,334)	16.2
Loss before tax ("LBT")	(40,013)	(34,527)	15.9
Loss after tax ("LAT")	(34,321)	(37,007)	(7.3)
Loss attributable to owners of the Company	(20,928)	(29,760)	(29.7)

1Q2021 vs 1Q2020

In 1Q2021, the Group posted revenue of RM119.1 million, an improvement of 15.6% compared to the revenue of RM103.1 million posted in 1Q2020 mainly due to strong premium growth achieved by the Insurance subsidiary.

However, LBT at RM40.0 million was 15.9% higher compared to LBT of RM34.5 million reported in 1Q2020. Net loss arising from fair value changes in financial assets at fair value through profit or loss ("FVTPL") has adversely affected the results of the current quarter ended 31 March 2021.

Insurance

Insurance subsidiary recorded a earned premium growth of 23.9% in 1Q2021 at RM116.3 million (1Q2020: RM93.8 million) from its drive for profitable growth through strengthening of its distribution channels to increase market share.

Despite the improvement in earned premium, it recorded LBT of RM30.1 million in 1Q2021 which was significantly higher than the loss of RM13.7 million in 1Q2020. The LBT in 1Q2021 was mainly due to unrealised loss from fair value changes in financial assets amounted to RM42.2 million stemming from unfavourable economic environment. The fair value loss was mitigated by better underwriting results as a result of lower net claimed incurred ratio compared to 1Q2021.

Credit

In 1Q2021, Credit segment reported revenue of RM0.4 million which was 89.9% lower than RM4.3 million in 1Q2020 due to a moratorium granted to a borrower in view of COVID-19 pandemic and the subsequent Movement Control Orders imposed by our Government which has hampered the credit operations.

LBT at RM7.5 million has improved by 58.0% compared to RM17.8 million reported in 1Q2020 mainly due to fair value changes in financial assets at FVTPL and absence of fair value loss from Put Option (1Q2021: Nil; 1Q2020: RM9.5 million).

Investments

In 1Q2021, Investments segment posted revenue of RM2.4 million which was 51.8% lower than the revenue of RM5.0 million in 1Q2020 as COVID-19 pandemic and the subsequent Movement Control Orders imposed by our Government has adverse impact on the hotel operations and rental collections.

This segment recorded lower LBT of RM2.5 million in 1Q2021 compared to RM3.0 million in 1Q2020 due to implementation of cost cutting measures.

B2 Material Change in Performance of the current quarter compared with the Immediate preceding quarter

	3 months ended 31.03.2021	3 months ended 31.12.2020	Changes
	RM'000	RM'000	%
Revenue	119,144	116,201	2.5
Operating (loss)/profit	(39,899)	18,631	> (100.0)
(Loss)/profit before tax	(40,013)	18,474	> (100.0)
(Loss)/profit after tax	(34,321)	18,893	> (100.0)
(Loss)/profit attributable to owners of the Company	(20,928)	4,148	> (100.0)

1Q2021 vs 4Q2020

In 1Q2021, the Group achieved revenue of RM119.1 million, an increase of 2.5% compared to RM116.2 million posted in 4Q2020 mainly due to higher earned premium from the insurance subsidiary.

However, LBT at RM40.0 million compared to profit before tax of RM18.5 million recorded in 4Q2020 mainly due to fair value changes in financial assets at FVTPL and higher net claim incurred by the insurance subsidiary.

B3 Group's Prospects

According to BNM's Economic and Monetary Review 2020, the Malaysian Gross Domestic Product is expected to expand between 6.0% – 7.5% in 2021 on the back of stronger external demand and improving domestic activity.

The recent re-imposition of the containment measures in the country will affect the economic activity in the short-term. However, the impact will be less severe compared to previous year as almost all economic sectors are allowed to operate with strict Standard Operating Procedures. Economic growth is expected to improve, driven by stronger recovery in global demand and continued support from policy measures. The progress of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity.

Insurance

The growth outlook is subject to downside risks, stemming mainly ongoing uncertainties relating to the dynamics of the pandemic and potential challenges that might affect the roll-out of vaccines both globally and domestically.

Insurance subsidiary will continue its "Build as We Grow" strategy to widen its distribution channels, enhance its product offerings to improve profitability and operational efficiencies.

Credit

The Credit Division maintains its conservative credit strategy in financing reputable niche clientele with low risk exposure as the market outlook remains uncertain.

Investments

COVID-19 pandemic and the subsequent implementations of Movement Control Orders by Malaysian government had impacted the hospitality industry and property investments adversely.

In view of current lacklustre property sentiments, the Group will continue to conserve and safeguard 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 (Credit)/Expense

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Income tax expense	2,175	2,480
Deferred tax	(7,867)	-
Total income tax (credit)/expense	<u>(5,692)</u>	<u>2,480</u>

Income tax is calculated at the Malaysian statutory rate of 24% (2020: 24%) of the estimated assessable loss for the current quarter and previous corresponding period.

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

B6 Loss Before Tax

Included in the loss before tax are the following items:

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Amortisation of intangible assets	1,271	1,106
Depreciation of property, plant and equipment	1,153	1,252
Depreciation of ROU assets	644	611
Depreciation of investment properties	460	464
Net loss arising from fair value changes in financial assets at FVTPL	51,274	37,780
Interest expense	42	84
Interest on lease liabilities	72	109
Property, plant and equipment written off	2	1
Adjustment arising from revaluation of Put Option	-	9,484
Service fees and storage fee	194	263
Realised loss/(gain) on financial assets at FVTPL	8,299	(5,257)
Allowance for ECL on insurance receivables	245	487
Reversal of ECL on trade receivables	-	(48)

B7 Receivables

	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
Trade receivables	248,203	253,352
Less: allowance for ECL	(29,953)	(29,708)
Total trade receivables	<u>218,250</u>	<u>223,644</u>
Other receivables	135,885	134,825
Less: allowance for ECL	(501)	(501)
Total other receivables	<u>135,384</u>	<u>134,324</u>
Total receivables	<u>353,634</u>	<u>357,968</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 2021. 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 on GRN 28274, Lot 643 and GRN 9036, Lot 1199, Sekyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, properties registered under Mulpha Kluang Maritime Carriers Sdn. Bhd.

The buildings situated on GRN 28274, Lot 643 and GRN 9036, Lot 1199, remained unoccupied.

B9 Borrowing

The Group's borrowing is as follows:

	As at 31.03.2021		As at 31.12.2020	
	Current RM'000	Total RM'000	Current RM'000	Total RM'000
Revolving credit	3,000	3,000	3,000	3,000

The borrowing is 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-69-02/ 2016, WA-22NCC-70-02/ 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 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;
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. The hearing dates of the Appeals which were fixed on 10 and 11 May 2021 have been vacated and the Case Management has been fixed on 4 June 2021.

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 2020 was not qualified.

B13 Loss Per Share

Basic and diluted loss per share is calculated by dividing the loss for the current quarter attributable to owners of the Company by the weighted average number of ordinary shares in issue during the quarter ended 31 March 2021.

	3 months ended	
	31.03.2021	31.03.2020
Loss attributable to owners of the Company (RM'000)	<u>(20,928)</u>	<u>(29,760)</u>
Weighted average number of ordinary shares in issue ('000)	<u>715,000</u>	<u>715,000</u>
Loss per share (sen per share)	<u>(2.9)</u>	<u>(4.2)</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
18 May 2021