



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

INTERIM FINANCIAL STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended			9 months ended		
	30.09.2021	30.09.2020	Changes	30.09.2021	30.09.2020	Changes
	RM'000 Unaudited	RM'000 Unaudited	%	RM'000 Unaudited	RM'000 Unaudited	%
Revenue	113,449	129,969	(12.7)	353,704	327,071	8.1
Cost of sales	(53,908)	(74,068)	(27.2)	(180,216)	(196,753)	(8.4)
Gross profit	59,541	55,901	6.5	173,488	130,318	33.1
Other income	33,489	35,397	(5.4)	101,885	98,653	3.3
Administrative expenses	(23,039)	(18,348)	25.6	(63,040)	(55,656)	13.3
Other expenses	(42,655)	(45,364)	(6.0)	(180,625)	(133,594)	35.2
Operating profit	27,336	27,586	(0.9)	31,708	39,721	(20.2)
Finance costs	(135)	(157)	(14.0)	(391)	(499)	(21.6)
Profit before tax	27,201	27,429	(0.8)	31,317	39,222	(20.2)
Income tax expense	(3,987)	(1,099)	> 100.0	(7,582)	(3,581)	> 100.0
Profit for the period	23,214	26,330	(11.8)	23,735	35,641	(33.4)
Profit attributable to:						
Owners of the Company	11,453	13,690	(16.3)	4,659	9,675	(51.8)
Non-controlling interests	11,761	12,640	(7.0)	19,076	25,966	(26.5)
	23,214	26,330	(11.8)	23,735	35,641	(33.4)
Earnings per share attributable to owners of the Company: (sen per share)						
Basic and diluted	1.6	1.9		0.7	1.4	

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 30 SEPTEMBER 2021**

	As at 30.09.2021 RM'000 Unaudited	As at 31.12.2020 RM'000 Audited
Assets		
Non-current assets		
Property, plant and equipment	65,010	65,851
Right-of-use ("ROU") assets	7,808	9,143
Investment properties	797,952	799,332
Investment securities	1,285,037	999,268
Intangible assets	50,284	51,265
Receivables	22,500	44,816
Deferred tax assets	18,429	12,025
Tax recoverable	16,698	16,698
	2,263,718	1,998,398
Current assets		
Inventories	95	116
Receivables	344,753	313,152
Reinsurance assets	571,272	502,293
Tax recoverable	1,602	2,344
Investment securities	636,607	688,823
Cash and bank balances	247,751	230,744
	1,802,080	1,737,472
Total assets	4,065,798	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	847,690	842,990
	1,872,220	1,867,520
Non-controlling interests	646,366	469,260
Total equity	2,518,586	2,336,780
Non-current liabilities		
Lease liabilities	6,125	7,097
Deferred tax liabilities	8,502	8,503
	14,627	15,600
Current liabilities		
Insurance contract liabilities	1,310,559	1,183,968
Lease liabilities	2,061	2,388
Borrowing	3,000	3,000
Payables	205,756	190,621
Tax payable	11,209	3,513
	1,532,585	1,383,490
Total liabilities	1,547,212	1,399,090
Total equity and liabilities	4,065,798	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 30 SEPTEMBER 2021

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			
At 1 January 2021	1,011,091	41,903	(28,464)	842,990	1,867,520	469,260	2,336,780
Profit for the period	-	-	-	4,659	4,659	19,076	23,735
Arising from creation of units in subsidiaries	-	-	-	41	41	158,030	158,071
At 30 September 2021	1,011,091	41,903	(28,464)	847,690	1,872,220	646,366	2,518,586
At 1 January 2020	1,011,091	(336,821)	(28,464)	742,977	1,388,783	333,638	1,722,421
Profit for the period	-	-	-	9,675	9,675	25,966	35,641
Arising from increase in equity interests in a subsidiary	-	-	-	7	7	(10)	(3)
Arising from creation of units in subsidiaries	-	-	-	139	139	98,210	98,349
At 30 September 2020	1,011,091	(336,821)	(28,464)	752,798	1,398,604	457,804	1,856,408

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 9 MONTHS ENDED 30 SEPTEMBER 2021

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
	Unaudited	Unaudited
OPERATING ACTIVITIES		
Profit before tax	31,317	39,222
Adjustments for:		
Depreciation of property, plant and equipment	3,431	3,788
Depreciation of ROU assets	1,914	1,796
Depreciation of investment properties	1,380	1,388
Amortisation of intangible assets	3,921	3,325
Gain on disposal of:		
- property, plant and equipment	(103)	(46)
- investment properties	-	(398)
Property, plant and equipment written off	2	-
Allowance for expected credit losses ("ECL") on insurance receivables	92	1,262
Reversal of ECL on trade receivables	-	(54)
Reversal of ECL on other receivables	-	(6)
Reversal of ECL on loans and advances	-	(259)
Realised loss/(gain) on financial assets at fair value through profit or loss ("FVTPL")	6,177	(9,717)
Adjustment arising from revaluation of Put Option	-	19,075
Dividend income on shares	(993)	(842)
Interest expense	125	174
Interest on lease liabilities	266	325
Interest income	(50,474)	(50,678)
Net loss arising from fair value changes in financial assets at FVTPL	50,499	4,213
Operating cash flows before working capital changes	47,554	12,568
Changes in working capital:		
Inventories	21	102
Receivables	146,378	55,672
Reinsurance assets	(68,979)	(137,671)
Insurance contract liabilities	126,591	193,947
Payables	15,196	27,772
Cash flows generated from operations	266,761	152,390
Income tax paid	(5,549)	(10,167)
Net cash flows generated from operating activities	261,212	142,223
INVESTING ACTIVITIES		
Proceeds from disposal of:		
- property, plant and equipment	104	50
- investment properties	-	1,134
- investment securities	460,845	642,031
Purchase of:		
- additional shares in a subsidiary	-	(3)
- intangible assets	(2,940)	(4,292)
- property, plant and equipment	(2,593)	(1,202)
- investment securities	(751,074)	(803,771)
Net dividend received from shares	993	842
Interest received	52,759	50,678
Net movement in fixed deposits with licensed banks	21,556	(107,535)
Net cash flows used in investing activities	(220,350)	(222,068)
FINANCING ACTIVITIES		
Repayment of borrowing	-	(2,000)
Interest paid	(186)	(172)
Payment of principal portion of lease liabilities	(2,113)	(1,783)
Net cash flows used in financing activities	(2,299)	(3,955)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	38,563	(83,800)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133,385	188,478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	171,948	104,678
Cash and cash equivalents comprise:		
Deposits, cash and bank balances	247,751	309,572
Short-term deposits with licensed banks with original maturity of more than 3 months	(75,803)	(204,894)
	171,948	104,678

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”), 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 are carried at fair values in accordance with MFRS 9 *Financial Instruments* 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 current financial period:

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 (“MFRS 17”) and Amendments to MFRS 17
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*
Amendments to MFRS 112 Income Taxes - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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.

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;
- Enhancement projects (system and reports) are in progress and on track;
- System design completed and currently in the preparation for user acceptance;
- Accounting system upgrade completed and system integration is in progress; and
- Business requirements documentation is in the process of review and refinement.

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 period ended 30 September 2021.

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 September 2021.

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 September 2021.

A7 Dividend Paid

No dividend was paid during the current quarter and period under review.

A8 Segmental Information

	3 months ended			9 months ended		
	30.09.2021	30.09.2020	Changes	30.09.2021	30.09.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Segmental Revenue						
Insurance	109,225	102,137	6.9	344,266	285,462	20.6
Credit	3,385	1,567	> 100.0	4,156	9,518	(56.3)
Investments	839	26,265	(96.8)	5,282	32,091	(83.5)
Total	113,449	129,969	(12.7)	353,704	327,071	8.1
Segmental Results						
Insurance	25,204	27,379	(7.9)	43,697	55,357	(21.1)
Credit	4,924	(6,100)	> 100.0	(4,169)	(15,849)	73.7
Investments	(2,927)	6,150	> (100.0)	(8,211)	(286)	> (100.0)
	27,201	27,429	(0.8)	31,317	39,222	(20.2)
Income tax expense	(3,987)	(1,099)	> 100.0	(7,582)	(3,581)	> 100.0
Profit for the period	23,214	26,330	(11.8)	23,735	35,641	(33.4)

Assets and Liabilities as at 30 September 2021

	Assets RM'000	Liabilities RM'000
Insurance	2,695,272	1,510,705
Credit	497,728	3,673
Investments	872,798	32,834
Total	4,065,798	1,547,212

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			9 months ended		
	30.09.2021	30.09.2020	Changes	30.09.2021	30.09.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Interest income	18,141	17,156	5.7	50,474	50,678	(0.4)
Dividend income	16	130	(87.7)	283	842	(66.4)
Net gains/(loss) arising from fair value changes in financial assets at FVTPL	-	1,459	(100.0)	-	(4,213)	100.0
Fee and commission income	13,563	12,503	8.5	47,624	38,678	23.1
(Allowance for)/reversal of ECL on loans and advances	-	(1,298)	100.0	-	259	(100.0)
Gain on disposal of:						
- investment properties	-	398	(100.0)	-	398	(100.0)
- property, plant and equipment	99	46	> 100.0	103	46	> 100.0
Realised gain on financial assets at FVTPL	2	2,569	(99.9)	2	9,717	(100.0)
Service income earned from Malaysian Motor Insurance Pool	243	2,012	(87.9)	644	1,409	(54.3)
Rental income from properties	91	120	(24.2)	245	302	(18.9)
Others	1,334	302	> 100.0	2,510	537	> 100.0
Total	33,489	35,397	(5.4)	101,885	98,653	3.3

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.

	30.09.2021	31.12.2020
	RM'000	RM'000
Assets		
Financial assets at FVTPL		
Investment securities:		
- quoted shares	74,427	81,876
- unquoted shares	4,686	4,561
- unquoted unit trust funds	562,180	552,230
- unquoted debt securities	964,426	688,289
- Malaysian Government Securities	315,925	361,135
	1,921,644	1,688,091
Financial assets at amortised cost		
Receivables	317,037	308,398
Cash and bank balances	247,751	230,744
	564,788	539,142
Liabilities		
Liabilities at amortised cost		
Lease liabilities	8,186	9,485
Payables	174,142	161,740
Borrowing	3,000	3,000
Total financial liabilities	185,328	174,225

A10 Financial Instruments (cont'd.)**(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 30 September 2021				
Financial assets at FVTPL				
Current	74,427	562,180	-	636,607
Non-current	-	1,280,351	4,686	1,285,037
	74,427	1,842,531	4,686	1,921,644
As at 31 December 2020				
Financial assets at FVTPL				
Current	81,876	606,947	-	688,823
Non-current	-	994,707	4,561	999,268
	81,876	1,601,654	4,561	1,688,091

(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		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Affiliated companies				
Gross insurance premium received	63	65	1,357	1,466
Management fees receivable	37	156	258	351
Insurance commission paid	-	(2)	(1)	(16)
Claims paid	(88)	(31)	(150)	(165)
Professional fees payable	(25)	(47)	(38)	(53)
IT management fees paid	-	(20)	(32)	(59)
Dividend received	-	-	403	1,097

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 25 November 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 and period ended 30 September 2021.

A14 Significant Event During The Financial Period

On 22 June 2021, the Company announced that Multi-Purpose Capital Holdings Berhad, a wholly-owned subsidiary of the Company, has submitted an application to BNM to seek the approval of the Minister of Finance of Malaysia pursuant to Section 89 of the Financial Services Act, 2013 for the disposal of 51% equity interest in MPI Generali Insurans Berhad to Generali Asia N.V. ("Generali Asia") and the entry into a Share Purchase Agreement with Generali Asia.

A15 Changes in Composition of The Group

There were no changes in the composition of the Group during the current quarter and period ended 30 September 2021.

A16 Capital Commitments

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for:		
Computer and software	3,689	2,533

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 30.09.2021 RM'000	As at 31.12.2020 RM'000
Not later than 1 year	1,813	2,837
Later than 1 year and not later than 5 years	930	1,108
Total future minimum rental payments receivable	2,743	3,945

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance of The Group

	3 months ended			9 months ended		
	30.09.2021	30.09.2020	Changes	30.09.2021	30.09.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	113,449	129,969	(12.7)	353,704	327,071	8.1
Operating profit	27,336	27,586	(0.9)	31,708	39,721	(20.2)
Profit before tax ("PBT")	27,201	27,429	(0.8)	31,317	39,222	(20.2)
Profit after tax ("PAT")	23,214	26,330	(11.8)	23,735	35,641	(33.4)
Profit attributable to owners of the Company	11,453	13,690	(16.3)	4,659	9,675	(51.8)

3Q2021 vs 3Q2020

For the quarter ended 3Q2021, the Group posted revenue of RM113.4 million, a decrease of 12.7% compared to the revenue of RM130.0 million achieved in 3Q2020. Revenue from the property joint venture was not recorded in 3Q2021 due to delay in the launching of phases and strict containment measures imposed under Phase 1 of the National Recovery Plan ("NRP") has also adversely affected the results of the Group.

PBT for 3Q2021 was RM27.2 million, a slight decrease of 0.8% from PBT of RM27.4 million reported in 3Q2020. Adverse fair value changes in financial assets at FVTPL has resulted in lower PBT. However, the fair value losses were mitigated by strong premium growth achieved by the Insurance subsidiary.

Insurance

Insurance subsidiary recorded an earned premium growth of 6.9% in 3Q2021 at RM109.2 million (3Q2020: RM102.1 million) from its continued drive for profitable growth through developing and strengthening distribution channels to increase its market share.

Insurance subsidiary posted a PBT of RM25.2 million in 3Q2021, lower by 8.0% from RM27.4 million in 3Q2020. PBT was lower due to unrealised fair value losses from its financial assets at FVTPL, mitigated by the increase in underwriting profit as a result of higher earned premium and better claim experience.

Credit

In 3Q2021, Credit segment reported revenue of RM3.4 million which was 116.0% higher than RM1.6 million in 3Q2020 mainly due to higher interest income from a borrower upon the expiry of the moratorium period in 2Q2021.

PBT increased significantly from Loss before tax ("LBT") of RM6.1 million in 3Q2020 to RM4.9 million in 3Q2021. The improvement was mainly contributed by higher interest income, unrealised fair value gain from financial assets at FVTPL and the absence of adverse adjustment arising from revaluation of Put Option (3Q2021: Nil; 3Q2020: RM3.7 million).

Investments

In 3Q2021, Investments segment posted revenue of RM0.8 million which was RM25.5 million lower than the revenue of RM26.3 million reported in 3Q2020 as there were no revenue posted from the property joint venture due to delay in launches and decreased in revenue from hotel operations in view of containment measure imposed during COVID-19 pandemic.

In view of the above, this segment recorded LBT of RM2.9 million in 3Q2021 compared to PBT of RM6.2 million in 3Q2020.

9M2021 vs 9M2020

Revenue in 9M2021 at RM353.7 million was 8.1% higher than revenue of RM327.1 million posted in 9M2020 mainly due to higher earned premiums from Insurance segment. However, Investments and Credit segments reported lower revenue due to delay in the launch of joint venture project and a moratorium granted to a borrower. COVID-19 pandemic, strict containment measures under the NRP and closure of inter-state boundaries had affected the hotel operations and rental income in the investment segment adversely.

PBT in 9M2021 was lower at RM31.3 million compared to RM39.2 million in 9M2020 due to unrealised fair value loss arising from financial assets at FVTPL and higher operational expenses.

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

	3 months ended 30.09.2021	3 months ended 30.06.2021	Changes
	RM'000	RM'000	%
Revenue	113,449	121,111	(6.3)
Operating profit	27,336	44,271	(38.3)
Profit before tax	27,201	44,129	(38.4)
Profit after tax	23,214	34,842	(33.4)
Profit attributable to owners of the Company	11,453	14,134	(19.0)

3Q2021 vs 2Q2021

In 3Q2021, the Group achieved revenue of RM113.4 million, a decrease of 6.3% compared to RM121.1 million posted in 2Q2021 mainly due to lower earned premium from the insurance subsidiary.

PBT at RM27.2 million compared to RM44.1 million recorded in 2Q2021 mainly due to net fair value changes in financial assets at FVTPL.

B3 Group's Prospects**Insurance**

The rollout of the 12th Malaysia Plan ("12MP") by the Government will chart the course of growth for the country amid the COVID-19 pandemic. The 12MP is aimed at steering Malaysia towards national recovery and sustainable growth in the post COVID-19 period.

Insurance subsidiary will continue to focus on its priorities for the year in strengthening distribution channels and profitable growth in market share and preferred segments.

Credit

As the market outlook remains uncertain, the Credit segment continues its conservative strategy to finance reputable niche clients with low risk exposure, to proactively provide assistance to its borrowers on repayments whilst maintaining stringent management of credit risk.

Investments

NRP and closure of non-essential economic sectors had severely impacted the hospitality and property investments segments.

The Group will continue to conserve and safeguard its resources, and to operate efficiently at optimum levels with recovery in the hospitality and property industries in the near future.

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		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense	6,398	1,327	13,986	5,965
Deferred tax	(2,411)	(228)	(6,404)	(2,384)
Total income tax expense	<u>3,987</u>	<u>1,099</u>	<u>7,582</u>	<u>3,581</u>

Income tax is calculated at the Malaysian statutory rate of 24% (2020: 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 and previous corresponding periods were lower than the statutory rate due to non-taxable income.

B6 Profit Before Tax

Included in the profit before tax are the following items:

	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	1,340	1,119	3,921	3,325
Depreciation of property, plant and equipment	1,134	1,234	3,431	3,788
Depreciation of ROU assets	637	633	1,914	1,796
Depreciation of investment properties	461	461	1,380	1,388
Net loss arising from fair value changes in financial assets at FVTPL	5,680	-	50,499	-
Interest expense	42	27	125	174
Interest on lease liabilities	93	130	266	325
Property, plant and equipment written off	1	-	2	-
Adjustment arising from revaluation of Put Option	-	3,715	-	19,075
Service fees and storage fees	203	271	602	578
Realised (gain)/loss on financial assets at FVTPL (Reversal of)/allowance for ECL on insurance receivables	(1,129)	-	6,179	-
	(63)	(89)	92	1,262
Allowance for/(reversal of) ECL on trade receivables	-	2	-	(54)
Reversal of ECL on other receivables	-	-	-	(6)

B7 Receivables

	As at	As at
	30.09.2021	31.12.2020
	RM'000	RM'000
Trade receivables	271,231	253,352
Less: allowance for ECL	(29,800)	(29,708)
Total trade receivables	<u>241,431</u>	<u>223,644</u>
Other receivables	126,323	134,825
Less: allowance for ECL	(501)	(501)
Total other receivables	<u>125,822</u>	<u>134,324</u>
Total receivables	<u>367,253</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 30 September 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 30.09.2021		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 on 17 and 18 January 2022 have been vacated and the new hearing dates of the Appeals have been fixed on 17 and 18 March 2022.

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 Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the profit for the quarter and period ended attributable to owners of the Company by the weighted average number of ordinary shares in issue during the quarter and period ended 30 September 2021.

	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to owners of the Company (RM'000)	11,453	13,690	4,659	9,675
Weighted average number of ordinary shares in issue ('000)	715,000	715,000	715,000	715,000
Earnings per share (sen per share)	1.6	1.9	0.7	1.4

By Order Of The Board
Ng Sook Yee
Company Secretary
25 November 2021