



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

INTERIM FINANCIAL STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended		Changes %
	31.03.2022	31.03.2021	
	RM'000 Unaudited	RM'000 Unaudited	
Continuing operations			
Revenue	8,873	2,827	> 100.0
Cost of sales	<u>(1,688)</u>	<u>(735)</u>	> 100.0
Gross profit	7,185	2,092	> 100.0
Other income	1,238	2,044	(39.4)
Administrative expenses	(1,957)	(1,782)	9.8
Other expenses	<u>(8,156)</u>	<u>(12,357)</u>	(34.0)
Operating loss	(1,690)	(10,003)	(83.1)
Finance costs	(45)	(62)	(27.4)
Loss before tax from continuing operations	<u>(1,735)</u>	<u>(10,065)</u>	(82.8)
Income tax (expense)/credit	<u>(661)</u>	<u>1,669</u>	> (100.0)
Loss for the period, representing total comprehensive loss for the period from continuing operations	(2,396)	(8,396)	(71.5)
Discontinuing operation			
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period from discontinuing operation	<u>4,240</u>	<u>(25,925)</u>	> 100.0
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period	<u>1,844</u>	<u>(34,321)</u>	> 100.0
(Loss)/profit for the period, representing total comprehensive (loss)/income attributable to:			
Owners of the Company:			
- Continuing operations	(2,438)	(8,385)	(70.9)
- Discontinuing operation	2,124	(12,543)	> 100.0
	(314)	(20,928)	(98.5)
Non-controlling interests:			
- Continuing operations	42	(11)	> 100.0
- Discontinuing operation	2,116	(13,382)	> 100.0
	2,158	(13,393)	> 100.0
	<u>1,844</u>	<u>(34,321)</u>	> 100.0
Earnings per share attributable to owners of the Company (sen per share)			
Basic and diluted from:			
- Continuing operations	(0.3)	(1.2)	
- Discontinuing operation	<u>0.3</u>	<u>(1.7)</u>	
	<u>-</u>	<u>(2.9)</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	As at	As at
	31.03.2022	31.12.2021
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	55,423	55,897
Right-of-use ("ROU") assets	754	929
Investment properties	791,548	791,975
Investment securities	4,957	4,871
Intangible assets	22,320	22,320
Receivables	45,000	45,000
Deferred tax assets	10,677	10,677
Tax recoverable	16,698	16,698
	947,377	948,367
Current assets		
Investment securities	274,139	284,466
Inventories	120	114
Receivables	123,280	127,926
Tax recoverable	744	739
Cash and bank balances	17,313	8,598
	415,596	421,843
Assets held for sale	2,879,232	2,906,942
Total assets	4,242,205	4,277,152
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	1,011,091	1,011,091
Capital reserve	41,903	41,903
Merger deficit	(28,464)	(28,464)
Retained earnings	864,085	864,397
	1,888,615	1,888,927
Non-controlling interests	616,060	646,158
Total equity	2,504,675	2,535,085
Non-current liabilities		
Lease liabilities	128	319
Deferred tax liabilities	8,228	8,228
	8,356	8,547
Current liabilities		
Lease liabilities	686	676
Borrowing	500	3,000
Payables	22,916	25,124
Tax payable	1,130	1,255
	25,232	30,055
Liabilities directly associated with the assets held for sale	1,703,942	1,703,465
Total liabilities	1,737,530	1,742,067
Total equity and liabilities	4,242,205	4,277,152
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 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2022

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	Capital reserve RM'000	Merger deficit RM'000	Retained earnings RM'000			
At 1 January 2022	1,011,091	41,903	(28,464)	864,397	1,888,927	646,158	2,535,085
Net loss/(profit) for the period, representing total comprehensive (loss)/income for the period	-	-	-	(314)	(314)	2,158	1,844
Arising from increase in equity interest in a subsidiary	-	-	-	2	2	(19)	(17)
Arising from changes in equity interest in a subsidiary	-	-	-	-	-	(32,237)	(32,237)
At 31 March 2022	1,011,091	41,903	(28,464)	864,085	1,888,615	616,060	2,504,675
At 1 January 2021	1,011,091	41,903	(28,464)	842,990	1,867,520	469,260	2,336,780
Net loss for the period, representing total comprehensive loss for the period	-	-	-	(20,928)	(20,928)	(13,393)	(34,321)
Arising from changes in equity interest 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

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER 31 MARCH 2022

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
	Unaudited	Unaudited
OPERATING ACTIVITIES		
Loss before tax from continuing operations	(1,735)	(10,065)
Profit/(loss) before tax from discontinuing operation	5,713	(29,948)
Profit/(loss) before tax	3,978	(40,013)
Adjustments for:		
Amortisation of intangible assets	1,449	1,271
Depreciation of property, plant and equipment	1,191	1,153
Depreciation of ROU assets	636	644
Depreciation of investment properties	460	460
Dividend income on shares and unit trusts	(498)	(664)
Gain on disposal of property, plant and equipment	(4)	-
Interest income	(20,486)	(15,715)
Interest expense on revolving credit	34	42
Interest expense on lease liabilities	80	72
Net loss arising from fair value changes in financial assets at FVTPL	19,999	51,274
Property, plant and equipment written off	-	2
Allowance for expected credit losses ("ECL") on insurance receivables	1,291	245
Reversal of ECL on trade receivables	(11)	-
Realised loss from financial assets at FVTPL	1,381	8,299
Operating cash inflows before working capital changes	9,500	7,070
Changes in working capital:		
Inventories	(6)	3
Receivables	(45,460)	110,975
Reinsurance assets	(11,059)	(20,904)
Insurance contract liabilities	45,891	54,503
Payables	(47,637)	(13,276)
Cash flows (used in)/generated from operations	(48,771)	138,371
Income tax paid	(4,591)	(2,702)
Net cash flows (used in)/generated from operating activities	(53,362)	135,669
INVESTING ACTIVITIES		
Proceeds from disposal of:		
- property, plant and equipment	4	-
- investment securities	82,865	283,527
Purchase of:		
- additional shares in a subsidiary	(17)	-
- intangible assets	(854)	(603)
- property, plant and equipment	(236)	(372)
- investment securities	(89,098)	(200,723)
Net dividend received from shares and unit trusts	498	664
Interest received	20,480	15,714
Net movement in fixed deposits with licensed banks	2,805	(60,894)
Net cash flows generated from investing activities	16,447	37,313
FINANCING ACTIVITIES		
Repayment of borrowing	(2,500)	-
Interest expense paid	(34)	(42)
Payment of principal portion of lease liabilities	(726)	(712)
Net cash flows used in financing activities	(3,260)	(754)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(40,175)	172,228
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	173,020	133,385
CASH AND CASH EQUIVALENTS AT END OF PERIOD	132,845	305,613
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks, cash at banks and cash on hand	275,251	463,866
Short-term deposits with licensed banks with original maturity of more than 3 months	(142,406)	(158,253)
	132,845	305,613

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 2021 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”) 34 *Interim Financial Reporting*, 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 contract 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 2021. 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 2021.

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 2021, except for the following which were adopted at the beginning of the current financial year. These pronouncements do not have any material impact on the Group's financial statements for the current financial year.

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

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

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 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.

Subsequent to the issuance of MFRS 17, the MASB issued amendments to MFRS 17 to simplify or clarify certain requirements of MFRS 17 without changing the 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.

The insurance subsidiary is in the progress of assessing the impact of MFRS 17 on the financial statements. Below are some of the key milestones achieved by the insurance subsidiary in preparing for the implementation of MFRS 17 and to comply with the requirements of MFRS 17 and amendments to MFRS 17 when they becomes effective on 1 January 2023:

- Enhancement projects relating to systems and reports are in progress;
- User acceptance testing is in progress for the MFRS 17 solution system;
- System integration involving MFRS17 solution system and accounting system is in progress;
- Business requirements documentation is to be reviewed and refined throughout the implementation phase; and
- Data preparation and reconciliations for transition and opening balances are in progress.

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 2022.

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 2022.

A6 Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter ended 31 March 2022.

A7 Dividend Paid

No dividend was paid during the current quarter under review.

A8 Segmental Information

	3 months ended		Changes %
	31.03.2022 RM'000	31.03.2021 RM'000	
Segmental Revenue			
Continuing operations			
Credit	3,610	430	> 100.0
Investments	5,263	2,397	> 100.0
	<u>8,873</u>	<u>2,827</u>	> 100.0
Discontinuing operation			
Insurance	119,639	116,317	2.9
Total	<u>128,512</u>	<u>119,144</u>	7.9
Segmental Results			
Continuing operations			
Credit	(299)	(7,484)	(96.0)
Investments	(1,436)	(2,581)	(44.4)
Loss before tax	(1,735)	(10,065)	(82.8)
Income tax (expense)/credit	(661)	1,669	> (100.0)
Loss for the period, representing total comprehensive loss for the period from continuing operations	<u>(2,396)</u>	<u>(8,396)</u>	(71.5)
Discontinuing operation			
Profit/(loss) before tax	5,713	(29,948)	> 100.0
Income tax (expense)/credit	(1,473)	4,023	> (100.0)
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period from discontinuing operation	<u>4,240</u>	<u>(25,925)</u>	> 100.0
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period	<u>1,844</u>	<u>(34,321)</u>	> 100.0

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

As a result of this, MPI Generali was classified as a disposal group held for sale and its operation as a discontinuing operation.

A8 Segmental Information (cont'd)

The results of MPI Generali for the period are presented below:

	3 months ended		Changes %
	31.03.2022 RM'000	31.03.2021 RM'000	
Revenue	119,639	116,317	2.9
Cost of sales	(68,316)	(71,247)	(4.1)
Gross profit	<u>51,323</u>	<u>45,070</u>	13.9
Other income	33,924	32,707	3.7
Administrative expenses	(19,035)	(18,545)	2.6
Depreciation and amortisation	(2,524)	(2,309)	9.3
Other expenses	<u>(57,906)</u>	<u>(86,819)</u>	(33.3)
Operating profit/(loss)	<u>5,782</u>	<u>(29,896)</u>	> 100.0
Interest expenses on lease liabilities	(69)	(52)	32.7
Profit/(loss) before tax from discontinuing operation	<u>5,713</u>	<u>(29,948)</u>	> 100.0
Income tax (expense)/credit	<u>(1,473)</u>	<u>4,023</u>	> (100.0)
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period from discontinuing operation	<u>4,240</u>	<u>(25,925)</u>	> 100.0

Assets and Liabilities as at 31 March 2022

	Assets	Liabilities
	RM'000	RM'000
Credit	501,761	3,181
Investments	861,212	30,407
	<u>1,362,973</u>	<u>33,588</u>
Assets held for sale:		
- Credit	2,500	-
- Insurance	2,876,732	-
	<u>2,879,232</u>	<u>-</u>
Liabilities directly associated with the assets held for sale:		
- Insurance	-	1,703,942
	<u>-</u>	<u>1,703,942</u>
Total	<u>4,242,205</u>	<u>1,737,530</u>

A8 Segmental Information (cont'd)**Assets and Liabilities as at 31 December 2021**

	Assets	Liabilities
	RM'000	RM'000
Credit	502,666	3,507
Investments	867,544	35,095
	<u>1,370,210</u>	<u>38,602</u>
Assets held for sale:		
- Credit	2,500	-
- Insurance	2,904,442	-
	<u>2,906,942</u>	<u>-</u>
Liabilities directly associated with the assets held for sale:		
- Insurance	-	1,703,465
	<u>-</u>	<u>1,703,465</u>
Total	<u>4,277,152</u>	<u>1,742,067</u>

A9 Other Income

	3 months ended		Changes
	31.03.2022	31.03.2021	
	RM'000	RM'000	
Continuing operations			
Interest income	1,091	1,935	(43.6)
Rental income from properties	53	37	43.2
Realised gain on financial assets at FVTPL	2	1	100.0
Reversal of ECL on trade receivables	11	-	100.0
Others	81	71	14.1
Total	<u>1,238</u>	<u>2,044</u>	(39.4)
Discontinuing operation			
Interest income	16,148	13,780	17.2
Dividend income on shares and unit trusts	196	261	(24.9)
Fee and commission income	16,520	18,077	(8.6)
Gain on disposal of property and equipment	4	-	100.0
Service income earned from Malaysian Motor Insurance Pool	116	102	13.7
Rental income from properties	36	37	(2.7)
Others	904	450	> 100.00
Total	<u>33,924</u>	<u>32,707</u>	3.7

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.

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Assets - Continuing operations		
Financial assets at FVTPL		
Investment securities:		
- quoted shares	41,290	43,093
- unquoted shares	4,957	4,871
- unquoted unit trust funds	232,849	241,373
	279,096	289,337
Financial assets at amortised cost		
Receivables	167,816	172,713
Cash and bank balances	17,313	8,598
	185,129	181,311
Assets held for sale - Discontinuing operation		
Financial assets at FVTPL		
Investment securities:		
- quoted shares	23,678	25,180
- unquoted unit trust funds	317,749	323,797
- unquoted debt securities	1,006,012	979,044
- Malaysian Government Securities	250,044	274,368
	1,597,483	1,602,389
Financial assets at amortised cost		
Receivables	188,911	173,113
Cash and bank balances	257,938	309,633
	446,849	482,746
Liabilities - Continuing operations		
Liabilities at amortised cost		
Lease liabilities	814	995
Borrowing	500	3,000
Payables	17,275	18,844
	18,589	22,839
Liabilities directly associated with the assets held for sale - Discontinuing operation		
Liabilities at amortised cost		
Lease liabilities	6,214	6,551
Payables	150,983	200,409
	157,197	206,960

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 31 March 2022				
Current				
Financial assets at FVTPL	41,290	232,849	-	274,139
Loans and advances	-	-	84,782	84,782
Non-current				
Financial assets at FVTPL	-	-	4,957	4,957
Loans and advances	-	-	45,000	45,000
	41,290	232,849	134,739	408,878
As at 31 December 2021				
Current				
Financial assets at FVTPL	43,093	241,373	-	284,466
Loans and advances	-	-	82,459	82,459
Non-current				
Financial assets at FVTPL	-	-	4,871	4,871
Loans and advances	-	-	45,000	45,000
	43,093	241,373	132,330	416,796

(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	
	31.03.2022	31.03.2021
	RM'000	RM'000
Continuing operations		
<u>Affiliated companies:</u>		
Dividend received	302	403
Management fee receivables	140	114
Professional fees payable	(6)	(9)
IT management fees paid/payable	(32)	(19)
Discontinuing operation		
<u>Affiliated companies:</u>		
Gross insurance premium received	815	735
Insurance commission paid	-	(28)
Claims paid	(37)	(39)

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 20 May 2022, 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 Period

On 9 May 2022, the Company announced that the Minister of Finance of Malaysia had via BNM's letter dated 6 May 2022, approved the disposal by MPCHB and the Company (by virtue of its effective interest) of MPCHB's 51% equity interest in MPI Generali to Generali Asia.

On 18 May 2022, the Company announced that MPCHB and Generali Asia had entered into a share purchase agreement ("SPA") to dispose MPCHB's 51% equity interest in MPI Generali for a total cash consideration of RM485.00 million, subject to adjustments, on the terms and conditions in the SPA. As at 11 May 2022, being the latest practicable date prior to the date of this Announcement, the adjusted Purchase Price is RM508.16 million.

A14 Significant Event During The Financial Period

There was no significant event during the current quarter ended 31 March 2022.

A15 Changes in Composition of The Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2022.

A16 Capital Commitments

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for:		
Continuing operations		
Plant and equipment	-	92
Discontinuing operation		
Computer and software	2,633	2,509

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 31.03.2022 RM'000	As at 31.12.2021 RM'000
Continuing operations:		
Not later than 1 year	857	1,316
Later than 1 year and not later than 5 years	418	508
	1,275	1,824
Discontinuing operation:		
Not later than 1 year	205	200
Later than 1 year and not later than 5 years	281	334
	486	534

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of The Group**

	3 months ended		Changes %
	31.03.2022 RM'000	31.03.2021 RM'000	
Continuing operations			
Revenue	8,873	2,827	> 100.0
Operating loss	(1,690)	(10,003)	(83.1)
Loss before tax	(1,735)	(10,065)	(82.8)
Loss for the period, representing total comprehensive loss for the period	(2,396)	(8,396)	(71.5)
Loss/total comprehensive loss attributable to owners of the Company	(2,438)	(8,385)	(70.9)
Discontinuing operation			
Revenue	119,639	116,317	2.9
Operating profit/(loss)	5,782	(29,896)	> 100.0
Profit/(loss) before tax	5,713	(29,948)	> 100.0
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period	4,240	(25,925)	> 100.0
Profit/(loss), total comprehensive income/(loss) attributable to owners of the Company	2,124	(12,543)	> 100.0

1Q2022 vs 1Q2021**Continuing operations**

The Group reported revenue from continuing operations of RM8.9 million in 1Q2022, an increase of RM6.1 million compared to the revenue of RM2.8 million achieved in 1Q2021. The Credit business performed better upon the expiry of the moratorium period granted to a loan debtor. With the lift of Movement Control Order ("MCO") and travel restrictions, the hotels achieved increased revenue from local travelers.

In tandem with the increased revenue and lower fair value loss from its financial assets at FVTPL (1Q2022: RM4.2 million; 1Q2021: RM9.1 million), loss before tax ("LBT") for 1Q2022 was posted at RM1.7 million, a decrease of 82.8% from LBT of RM10.1 million reported in 1Q2021.

Credit

In 1Q2022, Credit segment achieved revenue of RM3.6 million which was RM3.2 million higher than revenue of RM0.4 million in 1Q2021 mainly due to higher interest income from credit business upon the expiry of the moratorium period granted to a loan debtor.

The results improved significantly from LBT of RM7.5 million in 1Q2021 to LBT of RM0.3 million in 1Q2022 in view of higher revenue as well as lower fair value loss from its financial asset at FVTPL.

Investments

The Investments segment posted higher revenue of RM5.3 million in 1Q2022 compared to revenue of RM2.4 million reported in 1Q2021 mainly due to increased contributions from hotel operations driven by domestic travel demand as MCO was lifted and interstate travel restrictions were permitted.

As a result of the above, LBT of RM1.4 million in 1Q2022 was lower than LBT of RM2.6 million in 1Q2021.

Discontinuing operation

Insurance subsidiary recorded an earned premium income growth of 2.9% in 1Q2022 at RM119.6 million (1Q2021: RM116.3 million) with leverage on its growth strategies through strengthening of distribution channels and focus on profitable growth in preferred segments.

It posted a profit before tax of RM5.7 million in 1Q2022, against a LBT of RM29.9 million reported in 1Q2021. The improved profitability was attributable to premium income growth, favorable claims experience and lower fair value loss from investments.

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

	3 months ended		Changes %
	31.03.2022 RM'000	31.12.2021 RM'000	
Continuing operations			
Revenue	8,873	11,174	(20.6)
Operating (loss)/profit	(1,690)	7,609	> (100.0)
(Loss)/profit before tax	(1,735)	7,553	> (100.0)
(Loss)/profit for the period, representing total comprehensive (loss)/income for the period	(2,396)	8,295	> (100.0)
(Loss)/profit, total comprehensive (loss)/income attributable to owners of the Company	(2,438)	8,241	> (100.0)
Discontinuing operation			
Revenue	119,639	120,035	(0.3)
Operating profit	5,782	16,308	(64.5)
Profit before tax	5,713	16,235	(64.8)
Profit for the period, representing total comprehensive income for the period	4,240	15,043	(71.8)
Profit/total comprehensive income attributable to owners of the Company	2,124	7,330	(71.0)

1Q2022 vs 4Q2021**Continuing operations**

In 1Q2022, the Group achieved revenue of RM8.9 million, 20.6% lower compared to RM11.2 million posted in 4Q2021 mainly due to lower revenue from Hospitality sector as compared to higher demand from domestic travelers upon immediate uplift of MCO and reopening of interstate border in 4Q2021.

The results was reduced significantly from PBT of RM7.6 million in 4Q2021 to LBT of RM1.7 million in 1Q2022 was mainly due to the absence of accretion income on loans and advances (4Q2021: RM7.1 million) and revenue arising from a joint venture arrangement (4Q2021: RM4.2 million).

Discontinuing operation

In 1Q2022, the Insurance subsidiary achieved revenue of RM119.6 million, slight decrease of 0.3% compared to RM120.0 million posted in 4Q2021.

PBT at RM5.7 million compared to PBT of RM16.2 million recorded in 4Q2021 was mainly due to higher fair value losses from investments at FVPTL in 1Q2022 and reversal of ECL on insurance receivables in 4Q2021.

B3 Group's Prospects**Credit**

Whilst our nation is moving towards the endemic phase of COVID-19, the market outlook remains uncertain, and the Credit segment continues its conservative strategy to finance reputable niche clients with low-risk exposure whilst maintaining stringent management of credit risk.

Investments

The Group anticipates competitive environment in a lackluster property market and will continue to conserve and safeguard its resources whilst continue to evaluate viable options to create sustainable value in the land banks. The Group may consider joint venture arrangements with niche reliable partners or outright disposal.

Discontinuing operation

Insurance subsidiary continues its growth strategies by strengthening distribution channels, retaining renewals and increasing business and profitable growth in the preferred segments.

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/(Credit)

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Continuing operations		
Income tax expense/(credit)	661	(1,669)
Discontinuing operation		
Income tax expense	4,150	3,844
Deferred tax	(2,677)	(7,867)
	1,473	(4,023)
Total income tax expense/(credit)	2,134	(5,692)

Income tax is calculated at the Malaysian statutory rate of 24% (2021: 24%) of the estimated assessable profit for the current and previous corresponding periods.

The effective tax rate for the Group for the current and previous corresponding period were higher than the statutory rate due to certain expenses not deductible for tax purposes.

B6 (Loss)/Profit Before Tax

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

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Continuing operations		
Depreciation of property, plant and equipment	607	618
Depreciation of ROU assets	174	174
Depreciation of investment properties	427	427
Service fees & storage fees	26	23
Net loss arising from fair value changes in financial assets at FVTPL	4,176	9,090
Interest expense on revolving credit	34	42
Interest expense on lease liabilities	11	20
Realised gain on financial assets at FVTPL	(2)	(1)
Discontinuing operation		
Amortisation of intangible assets	1,449	1,271
Depreciation of property, plant and equipment	584	535
Depreciation of ROU assets	462	470
Depreciation of investment properties	33	33
Service fees & storage fees	171	171
Net loss arising from fair value changes in financial assets at FVTPL	15,823	42,184
Interest expense on lease liabilities	69	52
Realised loss on financial assets at FVTPL	1,383	8,300
Property and equipment written off	-	2
Allowance for ECL on insurance receivables	1,291	245

B7 Receivables

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Trade receivables	144,771	143,387
Less: allowance for ECL	(14,054)	(14,065)
Total trade receivables	<u>130,717</u>	<u>129,322</u>
Other receivables	37,704	43,745
Less: allowance for ECL	(141)	(141)
Total other receivables	<u>37,563</u>	<u>43,604</u>
Total receivables	<u>168,280</u>	<u>172,926</u>

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

Pursuant to the listing of the Company, the Group undertakes to rectify the following non-compliances as at 31 March 2022. 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 31.03.2022		As at 31.12.2021	
	Current RM'000	Total RM'000	Current RM'000	Total RM'000
Revolving credit	<u>500</u>	<u>500</u>	<u>3,000</u>	<u>3,000</u>

The borrowing is denominated in Ringgit Malaysia.

B10 Material Litigation

(i) **Legal suit filed by ISM Sendirian Berhad - Kuala Lumpur High Court 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 on 2 August 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 2021 was not qualified.

B13 Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the (loss)/profit 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 2022.

	3 months ended	
	31.03.2022	31.03.2021
(Loss)/profit for the period attributable to owners of the Company from:		
- Continuing operations	(2,438)	(8,385)
- Discontinuing operation	2,124	(12,543)
	<u>(314)</u>	<u>(20,928)</u>
Number of ordinary shares in issue - weighted average	<u>715,000</u>	<u>715,000</u>
Basic and diluted earnings per share (sen) from:		
- Continuing operations	(0.3)	(1.2)
- Discontinuing operation	0.3	(1.7)
	<u>-</u>	<u>(2.9)</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
20 May 2022