# MAA GROUP BERHAD
199801015274 (471403-A)

# ANNUAL REPORT 2023

# MAA GROUP BERHAD

A WHOLLY OWNED
MALAYSIAN INVESTMENT
HOLDING COMPANY

This Annual Report
can be downloaded at
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# FINANCIAL HIGHLIGHTS

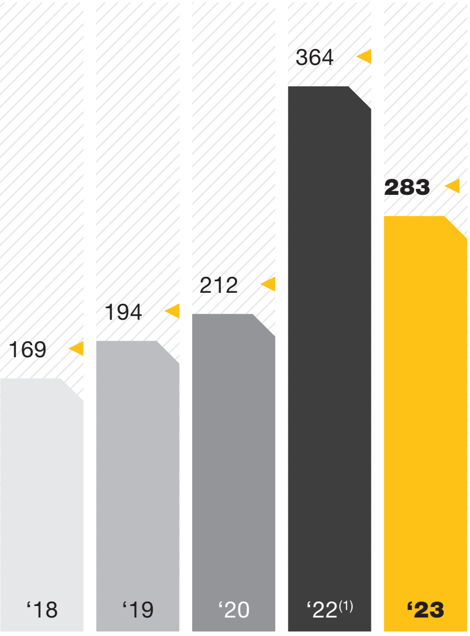
## FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

| Financial Year Ended | 30.6.2023 | 30.6.2022 [(1)] (18 months) | 31.12.2020 | 31.12.2019 | 31.12.2018 |
|---|---|---|---|---|---|
| Operating Revenue (RM' million) | **283** | 364 | 212 | 194 | 169 |
| (Loss)/Profit Before Tax (RM' million) | **(0.2)** | (139) | 45 | (13) | (24) |
| (Loss)/Profit attributable to the Owners of the Company (RM' million) | **(1)** | (134) | 40 | (14) | (27) |
| Total Assets (RM' million) | **823** | 777 | 881 | 839 | 757 |
| Total Borrowings (RM' million) | **56** | 19 | - | - | - |
| Shareholders' Equity (RM' million) | **391** | 379 | 533 | 505 | 547 |
| Basic (Loss)/Earnings per Share (sen) | **(0.5)** | (50.9) | 14.8 | (5.3) | (10.0) |
| Net Asset per Share (RM) | **1.5** | 1.4 | 2.0 | 1.8 | 2.0 |
| Return on Equity (%) | **0.05%** | -35% | 8.4% | -2.5% | -4.5% |
| Return on Total Assets (%) | **0.03%** | -18% | 5.1% | -1.5% | -3.2% |

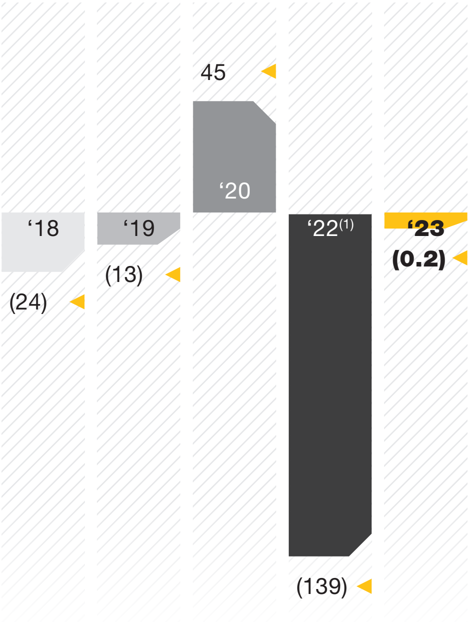
(1) MAAG had on 22 June 2021 changed its financial year-end from 31 December to 30 June. As such, the financial period ended 30 June 2022 comprised 18 months from 1 January 2021 to 30 June 2022 ("FPE 30 June 2022").

# FINANCIAL HIGHLIGHTS
(CONTINUED)

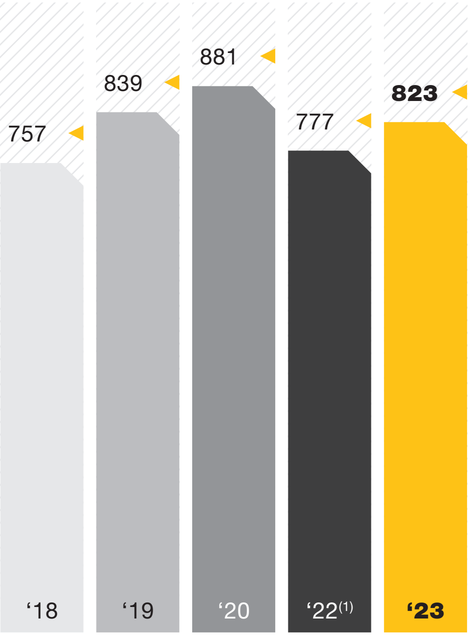
**OPERATING REVENUE**
(RM' Million)



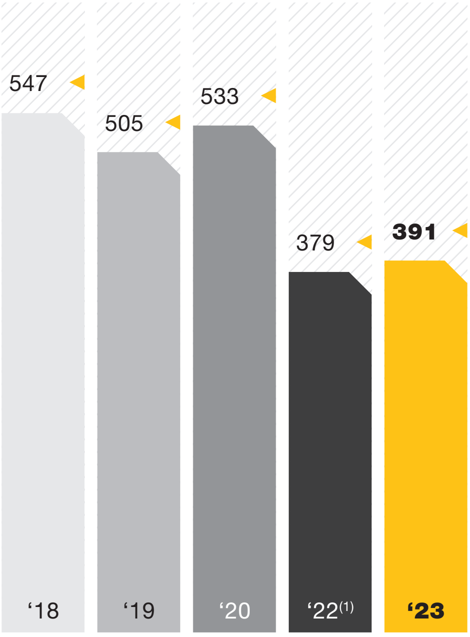

**(LOSS)/PROFIT BEFORE TAX**
(RM' Million)




**TOTAL ASSETS**
(RM' Million)




**SHAREHOLDERS' EQUITY**
(RM' Million)




(1) MAAG had on 22 June 2021 changed its financial year-end from 31 December to 30 June. As such, the financial period ended 30 June 2022 comprised 18 months from 1 January 2021 to 30 June 2022.

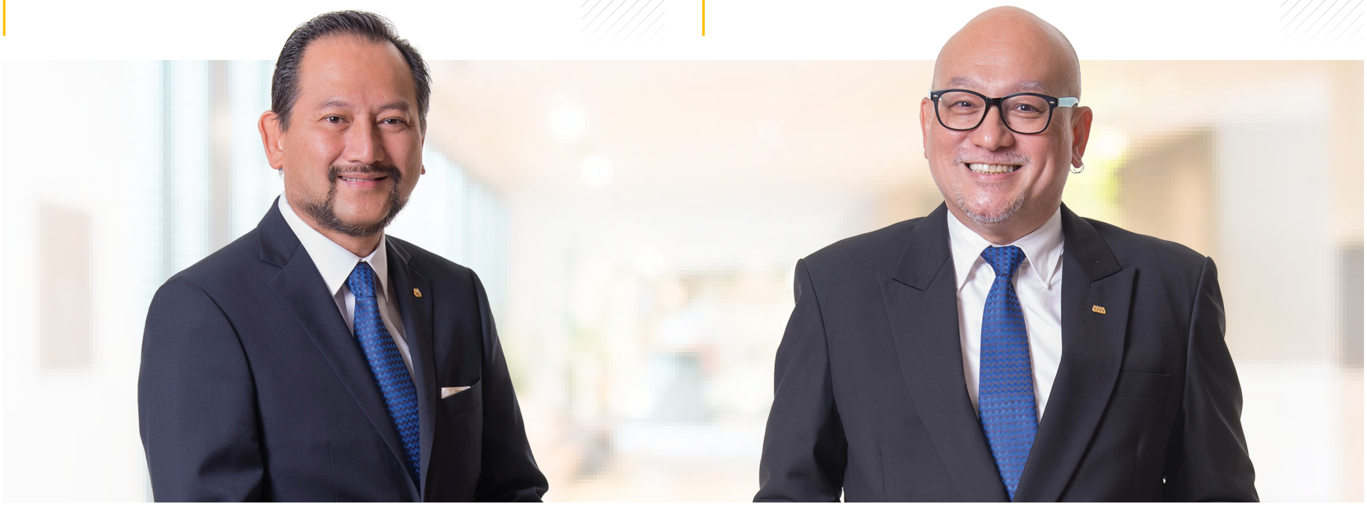
# BOARD OF DIRECTORS

## TUNKU DATO' YAACOB KHYRA

- Executive Chairman

## TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH

- Non-Independent Executive Director



## YEO TOOK KEAT

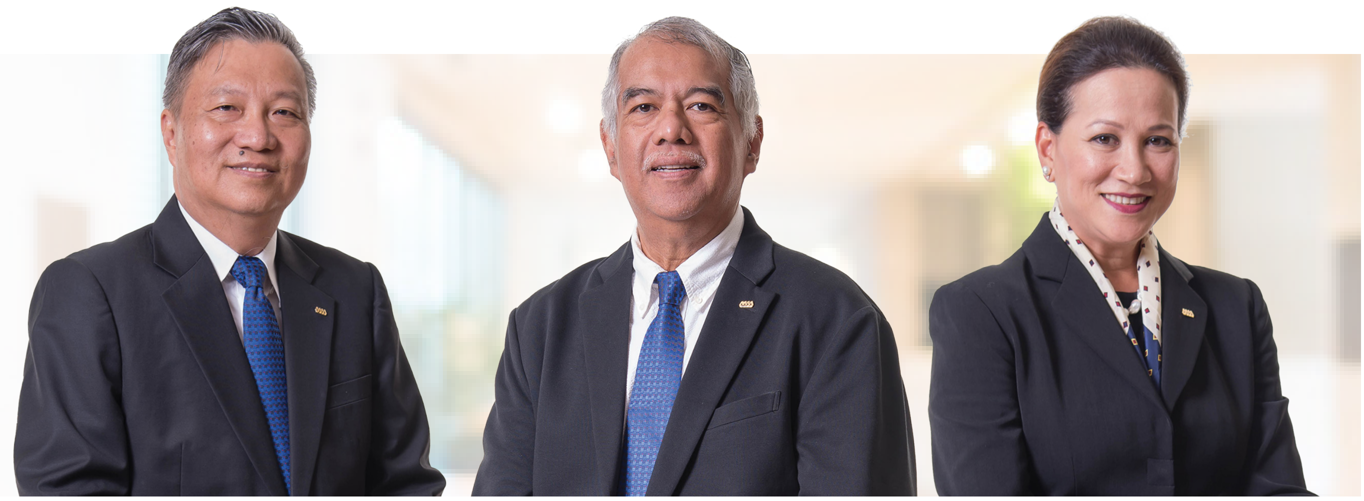
- Independent Non-Executive Director
- Chairman of Audit & Governance Committee
- Member of Risk & Sustainability Committee
- Member of Nomination & Remuneration Committee

## TUNKU DATO' AHMAD BURHANUDDIN BIN TUNKU DATUK SERI ADNAN

- Senior Independent Non-Executive Director
- Chairman of Nomination & Remuneration Committee
- Chairman of Risk & Sustainability Committee
- Member of Audit & Governance Committee

## DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

- Independent Non-Executive Director
- Member of Audit & Governance Committee
- Member of Risk & Sustainability Committee
- Member of Nomination & Remuneration Committee



# BOARD OF DIRECTORS' PROFILE

## Tunku Dato' Yaacob Khyra

Executive Chairman

| Aged | Nationality | Gender |
|---|---|---|
| 63 | Malaysian | Male |

Tunku Dato' Yaacob Khyra has been a Director since its inception in November 1998. He was re-designated as Executive Chairman of the Company on 28 August 2008. He currently holds the position of Executive Chairman of Mycron Steel Berhad ("MSB") and Melewar Industrial Group Berhad ("MIG") and Non-Executive Chairman of KNM Group Berhad ("KNM").

Tunku Dato' Yaacob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is a Board Member of MIG, MSB, KNM, Turiya Berhad, Melewar Group Berhad, Khyra Legacy Berhad, Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C. (listed in Bahrain), Ithmaar Bank B.S.C. (Closed), Altech Batteries Limited (listed in Australia), Chase Perdana Sdn Bhd and several other private limited companies. His shareholdings in the Company is disclosed on page 227 of the Annual Report.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees for Yayasan Amal Maaedicare, The Budimas Charitable Foundation and Registered Trustees of the Joseph William Yee Eu Foundation.

Tunku Dato' Yaacob does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Yaacob does not have any conflict of interest with the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS' PROFILE
(CONTINUED)

## Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah

Non-Independent Executive Director

| Aged | Nationality | Gender |
|---|---|---|
| 62 | Malaysian | Male |

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board on 10 January 2007. He was re-designated as Non-Independent Executive Director of the Company on 1 December 2011 by virtue of his appointment as Head of E-Commerce (Vice President) of MAA Corporation Sdn Bhd, the wholly-owned subsidiary of MAA Group Berhad.

Tunku Yahaya is the brother to Tunku Dato' Yaacob Khyra, the Executive Chairman of the Company.

Tunku Yahaya graduated in 1983 with a Bachelor of Science (Hons) Degree in Economics and Accountancy from City University, London. Upon completion, he joined Peat Marwick Mitchell & Co. in London that same year. In 1986, he obtained his Master of Science in Economics from Birkbeck College, University of London.

Upon returning to Malaysia in 1986, he joined the advertising company, MZC-Saatchi & Saatchi. In 1988, he joined the management of the refurbished Central Market (KL) as Executive Director. In 1994, he was appointed to put into operation and manage the television station, Metro Vision as Managing Director. In 1997, he started the music recording label, Melewar Parallax Sdn Bhd.

He currently sits on the Boards of Melewar Industrial Group Berhad, Mithril Berhad, Melewar Group Berhad, Khyra Legacy Berhad, MAA Credit Berhad, MAA Bancwell Trustee Berhad, Jat Acres Berhad and several private limited companies.

Tunku Yahaya also sits on the Board of Trustees of Yayasan Amal Maaedicare and The Budimas Charitable Foundation.

Tunku Yahaya does not have any personal interest in any business arrangements involving the Company.

Tunku Yahaya does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS' PROFILE

(CONTINUED)

## Yeo Took Keat

Independent Non-Executive Director

Chairman of Audit & Governance Committee

Member of Risk & Sustainability Committee

Member of Nomination & Remuneration Committee

| Aged | Nationality | Gender |
|---|---|---|
| 65 | Malaysian | Male |

Mr Yeo Took Keat was appointed to the Board of Directors of the Company on 24 February 2005 and was re-designated as Independent Non-Executive Director on 2 January 2020.

Mr Yeo has vast experience in accounting and finance having served with various capacities in insurance companies and audit firms upon completing his studies in 1980. He joined Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad) in 1986 and has held several positions, the last of which was as Senior Vice President – Finance & Administration. On 30 August 2001, he was transferred to MAA Group Berhad as the Group Chief Operating Officer and retired on 31 December 2017.

Mr Yeo is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants.

Mr Yeo currently sits on the Board of MAA International Group Ltd, the subsidiary of the Company.

Mr Yeo does not have any personal interest in any business arrangements involving the Company.

Mr Yeo does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 227 of the Annual Report.

# BOARD OF DIRECTORS' PROFILE
(CONTINUED)

## Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan

Senior Independent Non-Executive Director

Chairman of Nomination & Remuneration Committee

Chairman of Risk & Sustainability Committee

Member of Audit & Governance Committee

| Aged | Nationality | Gender |
|---|---|---|
| 61 | Malaysian | Male |

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan was appointed to the Board on 26 May 2017 as an Independent Non-Executive Director.

Tunku Dato' Ahmad Burhanuddin is an accountant by qualification. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Malaysian Accountants.

Tunku Dato' Ahmad Burhanuddin served as the Executive Director of CIMB Bank, The Financial Controller (CFO) of Commerce Asset Holdings (now known as CIMB Bank Berhad), Executive Director of Commerce Asset Fund Managers, Group Chief Internal Auditor of the Commerce Group and chaired various committees in CIMB Bank from year 2001 to 2009, including being the Chairman of the Building Committee for the construction of Menara CIMB Bank and had under his direct purview the Bank's International Branches, the Group Customer Care and Management Support Division and The Corporate Client Solutions which covered the group's relationships with Government and Multinational Corporations.

Tunku Dato' Ahmad Burhanuddin served as the Group Managing Director and Chief Executive Officer of Themed Attractions Resorts & Hotels Sdn Bhd from April 2015 to July 2016. He also served as the Group Managing Director and Chief Executive Officer of Themed Attractions and Resorts Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad from October 2009 to April 2015.

Tunku Dato' Ahmad Burhanuddin was elected as the President of the Malaysian Association of Amusement Themeparks & Family Attractions (MAATFA) in 2013 for a two-year term. He was also elected as the President of The Malay College Old Boys' Association, continuing the legacy of his father who was the Past President and the Life President of the Association, in June 2016.

Tunku Dato' Ahmad Burhanuddin currently sits on the Boards of Bank Kerjasama Rakyat Malaysia Berhad and several private limited companies.

Tunku Dato' Ahmad Burhanuddin has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Tunku Dato' Ahmad Burhanuddin does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Ahmad Burhanuddin does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS' PROFILE
(CONTINUED)

## Datin Seri Raihanah Begum binti Abdul Rahman

Independent Non-Executive Director

Member of Audit & Governance Committee

Member of Risk & Sustainability Committee

Member of Nomination & Remuneration Committee

| Aged | Nationality | Gender |
|---|---|---|
| 61 | Malaysian | Female |

Datin Seri Raihanah Begum binti Abdul Rahman, was appointed to the Board of Directors of the Company on 22 February 2018. She currently sits on the Boards of Melewar Industrial Group Berhad, Mycron Steel Berhad, Tuju Setia Berhad and several other private limited companies.

Datin Seri Raihan is an Associate of the Chartered Insurance Institute (UK) and the Malaysian Insurance Institute. As a scholar of American Malaysian Insurance Sdn Bhd (later known as CIMB Bank Insurance) she started her insurance career with the company immediately after successfully completing her course in 1984 and has held various positions in the Underwriting and Marketing Departments before leaving in 1988 to join Malene Insurance Brokers Sdn Bhd ("Malene").

During her 10-year service at Malene, she was exposed to various aspects of the oil and gas industry and was involved in the Insurance programmes for Petronas, Shell, Exxon-Mobil and various other oil and gas-related companies such as Gas Malaysia Sdn Bhd and MISC Berhad. Her experience also included an attachment with a London-based Lloyds broker.

She left Malene in 1997 when she was the Acting Chief Executive Officer, to dedicate more time in bringing up her three young children. To ensure that she was in touch with the insurance industry and coupled with her experience and knowledge in insurance underwriting and broking, she made time, from 1998 to 1999, while being a homemaker, to be a part-time lecturer with the Malaysian Insurance Institute for insurance industry practitioners to obtain a more in-depth knowledge of the business.

In August 2005, Datin Seri Raihan was appointed as a Non-Executive Director to the board of a public-listed fibre-based manufacturing company called Wang Zheng Berhad ("Wang Zheng"). She served as an active board member at Wang Zheng for 8 years.

She was also appointed as a member of the Board of Trustees for the Malaysian Medical Association ("MMA") Foundation for a three-year term from 2007. MMA Foundation is a non-profit organisation which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

Datin Seri Raihan has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Datin Seri Raihan does not have any personal interest in any business arrangements involving the Company.

Datin Seri Raihan does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE

## Tunku Dato' Yaacob Khyra

Executive Chairman

| Aged | Nationality | Gender |
|---|---|---|
| 63 | Malaysian | Male |

Tunku Dato' Yaacob Khyra has been a Director of the Company since its inception in November 1998. He was appointed as the Group Managing Director/Chief Executive Officer of the Company in 1999. Subsequently, he was re-designated as Executive Chairman of the Company on 28 August 2008. His personal profile is listed in the Board of Directors' Profile on page 5 of this Annual Report.

## Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah

Non-Independent Executive Director

| Aged | Nationality | Gender |
|---|---|---|
| 62 | Malaysian | Male |

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company on 10 January 2007. He was re-designated as Non-Independent Executive Director of the Company on 1 December 2011 by virtue of his appointment as Head of E-Commerce (Vice President) of MAA Corporation Sdn Bhd, the wholly-owned subsidiary of the Company. His personal profile is listed in the Board of Directors' Profile on page 6 of this Annual Report.

## Martin L. Dela Rosa

President/Chief Executive Officer ("CEO")

| Aged | Nationality | Gender |
|---|---|---|
| 52 | Filipino | Male |

Mr Martin L. Dela Rosa was appointed as the President/CEO of MAA General Assurance Philippines, Inc. ("MAAGAP") on 7 June 2023.

Mr Martin Dela Rosa has over 30 years of work experience in the field of Non-Life Insurance, half of which are on solid management exposure with wide spectrum of business relationships developed within the insurance industry.

He joined MAAGAP on 1 September 2004 as Assistant Vice President for Marketing. In January 2008, he was promoted to Vice President for Marketing and was subsequently redesignated to Vice President for Business Development and Branch Operations on September 2014. In 2018, Mr Dela Rosa was promoted to Senior Vice President for Business Development and Branch Operations. Subsequently, on September 2022, he was promoted to Deputy CEO/ Executive Vice President.

Mr Dela Rosa studied Bachelor of Science in Applied Mathematics, Major in Computer Application at the De La Salle University in 1991. Subsequently in 2012, he completed his master's in Business Administration – Regis Program at the Ateneo Graduate School of Business.

Mr Dela Rosa has no family ties with any of the Directors and/ or major shareholders of the Company nor any shareholding in the Company.

Mr Dela Rosa does not have any personal interest in any business arrangements involving the Company.

Mr Dela Rosa does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE

(CONTINUED)

## Anand Kanagasingam

Group Chief Operating Officer

| Aged | Nationality | Gender |
|---|---|---|
| 42 | Malaysian | Male |

Mr Anand Kanagasingam was appointed as the General Manager of the Company on 18 September 2017 and was subsequently redesignated to Senior Vice President – Financial Services on 1 April 2019. On 11 March 2020, he was promoted to Group Chief Operating Officer of the Company.

Mr Anand holds a Bachelor of Commerce in Corporate Finance & Marketing awarded by the University of Adelaide, Australia.

He has worked in the banking industry for over 10 years and served in various renowned banks in Malaysia and the United Arab Emirates such as Affin Bank Berhad, the National Bank of Abu Dhabi, Standard Chartered Bank and Union National Bank.

He also serves on the Boards of several private limited companies in the group.

Mr Anand has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Anand does not have any personal interest in any business arrangements involving the Company.

Mr Anand does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Choon Siew Thong

Group Chief Financial Officer

| Aged | Nationality | Gender |
|---|---|---|
| 56 | Malaysian | Male |

Mr Choon Siew Thong was appointed as Group Chief Financial Officer of the Company on 16 March 2020.

Mr Choon holds a Bachelor of Economics awarded by Monash University, Australia in 1990. He is also a member of both CPA Australia and Malaysian Institute of Accountants (“MIA”).

Mr Choon has more than 30 years of work experience since starting his career with PricewaterhouseCoopers in the mid 1990s before leaving in 2003 to join the commercial world. He was formerly the Group Chief Financial Officer for Kencana Petroleum Berhad in 2007 till 2012 and the Group Chief Risk Officer for Sapurakencana Petroleum Berhad (now known as Sapura Energy Berhad) in 2012 till 2015. Prior to joining the Company, he was the Group Chief Financial Officer for a 100% foreign owned company called MFE Formwork Technology Sdn Bhd.

Mr Choon has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Choon does not have any personal interest in any business arrangements involving the Company.

Mr Choon does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE
(CONTINUED)

## Ng Teck Sing

Head of Information Technology

| Aged | Nationality | Gender |
|---|---|---|
| 59 | Malaysian | Male |

Mr Ng was appointed as Senior Vice President – Head of Information Technology since December 2017 when he joined the Company.

Mr Ng has 37 years of working experience in IT Management and Insurance Application Development in General Insurance. He started his career as a Computer Operator cum Junior Programmer with Pacific & Orient Insurance Co. Bhd in 1986. Subsequently, he joined Power Computer Services Sdn Bhd (now known as P & O Global Technologies Sdn Bhd ("P&O Global") in 1989 and was posted to Hong Kong in 1990 where he successfully completed 3 turnkey General Insurance system projects for P&O Global.

In 1992, Mr Ng joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) as Assistant Manager and in 2012, he resigned as Senior Manager of MAAGNET Systems Sdn Bhd, a sub-subsidiary of MAA Group Berhad. During his work tenure with Malaysian Assurance Alliance Berhad, he managed to develop a new General Insurance System that covered front and back end processes, whereas during his employment with MAAGNET Systems Sdn Bhd, he developed a Business Intelligence System to provide business insight to the Management. Mr Ng subsequently joined Tune Insurance Malaysia Bhd (now known as Tune Protect Malaysia Bhd) in 2012 as Assistant General Manager in its IT Department and then in 2015, he joined MAA Takaful Berhad (now known as Zurich General Takaful Malaysia Bhd) as Assistant Vice President, IT Department.

Mr Ng holds a Postgraduate Diploma in Strategic Business IT awarded by NCC Education, UK.

Mr Ng has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Ng does not have any personal interest in any business arrangements involving the Company.

Mr Ng does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Angeline Lim Suan See

Group Chief Corporate Communications & Public Relations Officer

| Aged | Nationality | Gender |
|---|---|---|
| 57 | Malaysian | Female |

Ms Angeline Lim joined the Company on 2 May 2000 as Manager, Communications. In 2002, she was promoted to Executive Manager and was subsequently promoted to Senior Manager in 2005 to oversee Group Communications. In February 2019, she ascended to the position of Vice President, assuming the responsibilities of Group Chief Human Resource & Communications Officer. Her growth continued with a promotion to Senior Vice President in February 2021. On 13 July 2023, Ms Angeline Lim was re-designated as Group Chief Corporate Communications & Public Relations Officer.

Ms Angeline Lim completed her Diploma in Public Relations, Advertising and Marketing from the London Chamber of Commerce in 1992. Subsequently in 2010, she completed her master's from the University of Southern Queensland.

Ms Angeline Lim has a combined 37 years' working experience in the aviation, service and insurance industry. She has been with the Group for 22 years. Prior to joining the Group, she was attached to Malaysia Airlines, the Shangri La hotel, Hotel Istana, Palace of the Golden Horses and Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad).

Ms Angeline Lim has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Angeline Lim does not have any personal interest in any business arrangements involving the Company.

Ms Angeline Lim does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE
(CONTINUED)

## Dato' Sri Naresh Mohan

Group Chief Executive Officer
Hospitality 360 Sdn Bhd

| Aged | Nationality | Gender |
|---|---|---|
| 58 | Singaporean | Male |

Dato' Sri Naresh was appointed as the Group Chief Executive Officer of Hospitality 360 Group on 1st September 2019. He is also one of the Directors and Shareholders of the Company.

Dato' Sri Naresh is the founder of Havana Club Cigar Divans. He was one of the pioneers of lifestyle retailers in Malaysia. He secured sole rights in Malaysia for importing all Cuban cigars in all aspects of the consumer market including Duty-Free. He has also developed a strong presence in Malaysia's hospitality business, working with big international brands like Marriott International, Best Western Hotel Chain, and Wyndham Hotel since 1995. Currently, he is involved in various hotel projects and managing several hotels and restaurants.

Dato' Sri Naresh is also a Non-Independent Non-Executive Director in KNM Group Berhad.

Dato' Sri Naresh is a member of Malaysian Association of Hotels (MAH), Malaysia India Business Council (MIBC), EXCO member of the Kuala Lumpur Tourism Association (KLTA), and Vice-Chancelier of Chaine Des Rotisseurs.

Prior to joining the Company, he started his career in the family business representing textile mills in Europe for South East Asian markets in year 1986. Dato' Sri Naresh formed a partnership to create a diversified trading company called Glorient Trading Sdn Bhd and the group was sold in 2001.

Dato' Sri Naresh serves as a member of the Board of Governors of Budimas Education Charity Fund.

Dato' Sri Naresh has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Dato' Sri Naresh does not have any personal interest in any business arrangements involving the Company.

Dato' Sri Naresh does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Anne Vicknes Rajasaikaran

Chief Executive Officer
Edumaax Sdn Bhd

| Aged | Nationality | Gender |
|---|---|---|
| 42 | Malaysian | Female |

Ms Anne Rajasaikaran was appointed as the Chief Executive Officer/President of Imperium International College in 2019. In 2020, her responsibilities expanded as she took on the role of Chief Executive Officer of Edumaax Sdn Bhd overseeing the Education Group which comprises subsidiaries namely Imperium International College, St. John's International Edu Group Sdn Bhd and Kasturi Academy Sdn Bhd. Continuing her journey, Ms Anne Rajasaikaran was appointed as Acting Chief Executive Officer of Maaedicare Charitable Foundation in June 2023.

Ms Anne Rajasaikaran has a combined 16 years of working experience in overseeing communications, event relations, and fundraising activities. Her tenure began in 2009 when she assumed the role of Principal Officer at The Budimas Charitable Foundation.

Ms Anne also serves as a member of the Board of Governors for Primary & Secondary St John International School since January 2021.

Ms Anne completed her Bachelor of Communications in Public Relations from the University Tun Razak in 2007. Subsequently in 2017, she completed her master's in Business Administrative awarded by the University of Strathclyde.

Ms Anne has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Anne does not have any personal interest in any business arrangements involving the Company.

Ms Anne does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE
(CONTINUED)

## Onn Norshal Hamzah

Chief Executive Officer
10Star Cinemas Sdn Bhd

| Aged | Nationality | Gender |
|---|---|---|
| 49 | Malaysian | Male |

Mr Onn Norshal Hamzah was appointed as the Chief Executive Officer of 10Star Cinemas Sdn Bhd ("10STAR") since the commencement of the Company's operations in 2021.

Prior to joining the Company, he was the pioneer and program head for the development of Cinema Management Education for the National Occupational Skills Standards (NOSS), an official program under the Department of Skills Management organised by the Ministry of Human Resources Malaysia. From year 2018 to 2020, he joined the National Film Development Corporation Malaysia (FINAS) as a member of its Board and he was also appointed as the Chairman of Mandatory Film Screening Scheme. One of his contributions during this time was the development of the new concept of "Community Cinemas" in Lahad Datu, Sabah known as MAX Cinemas with 4 halls and 281 seats which were officially launched in 2019.

Recently in 2023, Mr Onn was appointed by FINAS as a Panel member for the Film Grant under the Ministry of Communication and Digital.

Mr Onn holds a Bachelor's Degree in Economics awarded by University of Malaya.

Mr Onn has more than 20 years of work experience in the cinema and film industry under some of the largest cinema chains in Malaysia, India and South Korea.

Mr Onn has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Onn does not have any personal interest in any business arrangements involving the Company.

Mr Onn does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# CORPORATE INFORMATION

## DOMICILE

Malaysia

## LEGAL FORM & PLACE OF INCORPORATION

A public listed company incorporated in Malaysia under the Companies Act 1965 and limited by shares

## BOARD OF DIRECTORS

Tunku Dato' Yaacob Khyra
(Executive Chairman)

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
(Non-Independent Executive Director)

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
(Senior Independent Non-Executive Director)

Yeo Took Keat
(Independent Non-Executive Director)

Datin Seri Raihanah Begum binti Abdul Rahman
(Independent Non-Executive Director)

## AUDIT & GOVERNANCE COMMITTEE

Yeo Took Keat (Chairman)

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan

Datin Seri Raihanah Begum binti Abdul Rahman

## RISK & SUSTAINABILITY COMMITTEE

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan (Chairman)

Datin Seri Raihanah Begum binti Abdul Rahman

Yeo Took Keat

## NOMINATION & REMUNERATION COMMITTEE

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan (Chairman)

Datin Seri Raihanah Begum binti Abdul Rahman

Yeo Took Keat

## SECRETARY

Ms Lily Yin Kam May
(CCM PC No.: 201908001210)
(MAICSA 0878038)

## AUDITORS

Messrs. KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower 8
First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03 7721 3388
Facsimile No. : 03 7721 3399

## PRINCIPAL PLACE OF BUSINESS

13th Floor, No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6256 8000
Facsimile No. : 03 6251 0373

## REGISTERED OFFICE

Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6252 8880
Facsimile No. : 03 6252 8080

## SHARE REGISTRAR

Trace Management Services Sdn Bhd
(Registration No.: 197901004366 (48646-M))
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6252 8880
Facsimile No. : 03 6252 8080

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Financial Services
Stock Name : MAA
Stock Code : 1198

## WEBSITE

www.maa.my

# GROUP STRUCTURE

AS AT 21 SEPTEMBER 2023

**MAA GROUP BERHAD**

- 100% MAA Corporation
  - 100% MAACA Legal Advisory Sdn Bhd
  - 100% MAA International Group Ltd
    - 100% MAA General Assurance Philippines, Inc
  - 100% MAA-Medicare Sdn Bhd
  - 100% MAA International Investments Ltd
    - 100% MAA Mutualife Philippines, Inc
  - 100% MAA Holdings (BVI) Ltd
  - 100% Menang Bernas Sdn Bhd
  - 100% Maaxsite Sdn Bhd
  - 100% Kasturi Services Sdn Bhd
  - 100% Edumaax Sdn Bhd
    - 100% Imperium Edumaax Sdn Bhd
    - 100% Edumaax Professional Center Sdn Bhd
    - 100% Edumaax Liberty Sdn Bhd
    - 100% Edumaax S.P.A.
    - 100% Imperium Education Sdn Bhd (3)
    - 100% Kasturi Academy Sdn Bhd
    - 90% Scholastic IB International Sdn Bhd
      - 100% St. John's International Edu Group Sdn Bhd
      - 100% St. John's International (Campus 2) Sdn Bhd
      - 100% Alfaakademik Sdn Bhd
  - 51% Hospitality 360 Sdn Bhd
    - 100% Trinidad Cigar Company Sdn Bhd
    - 100% Medianworks Sdn Bhd
    - 100% Medianworks Facility Management Sdn Bhd
    - 100% Trinidad Hotel Kuantan Sdn Bhd
    - 100% Home 180 Sdn Bhd
    - 70% Asiawide Hospitality Group Sdn Bhd
    - 99.99% Trisend Logistic Technologies Sdn Bhd
    - 65% Trinidad Signature Suites Sdn Bhd
    - 100% Dine 360 Sdn Bhd
    - 60% Travel Club 360 Sdn Bhd
    - 60% Decorzo Space Sdn Bhd
    - 80% Perfect Host (M) Sdn Bhd
    - 51% Staysuites Group Sdn Bhd
    - 100% Global Champ Sdn Bhd
    - 60% Ruby Luxury Sdn Bhd
    - 100% Infiniti Indah Sdn Bhd
    - 100% Nova Blaze Sdn Bhd
    - 100% Cigarmaax Limited
    - 51% Trifecta Hospitality Sdn Bhd (2)
    - 100% Magnum Glory Sdn Bhd
    - 50% Trinidad Distributors (EM) Sdn Bhd
    - 50% Trisend Logistic Holdings Pte Ltd
  - 60% 10Star Cinemas Sdn Bhd
  - 100% Max Capital Sdn Bhd
    - 100% MAA Credit Berhad
    - 100% Maax Factor Sdn Bhd
    - 100% Maax Fidelity Berhad
    - 100% Maax Finnion Sdn Bhd
    - 35.2% MicroLEAP PLT
- MAA Bancwell Trustee Berhad (20%; 20%; 20%)
- KNM Group Berhad (1) (6.58%*; 1.98%)

Subsidiaries of Hospitality 360 Sdn Bhd

**Subsidiaries of Trinidad Signature Suites Sdn Bhd:** NS GLobal Management Sdn Bhd (100%); Clear Dynamic Sdn Bhd (100%); Luxe Prestige Sdn Bhd (100%)

**Subsidiary of Dine 360 Sdn Bhd**: Primeat Sdn Bhd (100%)

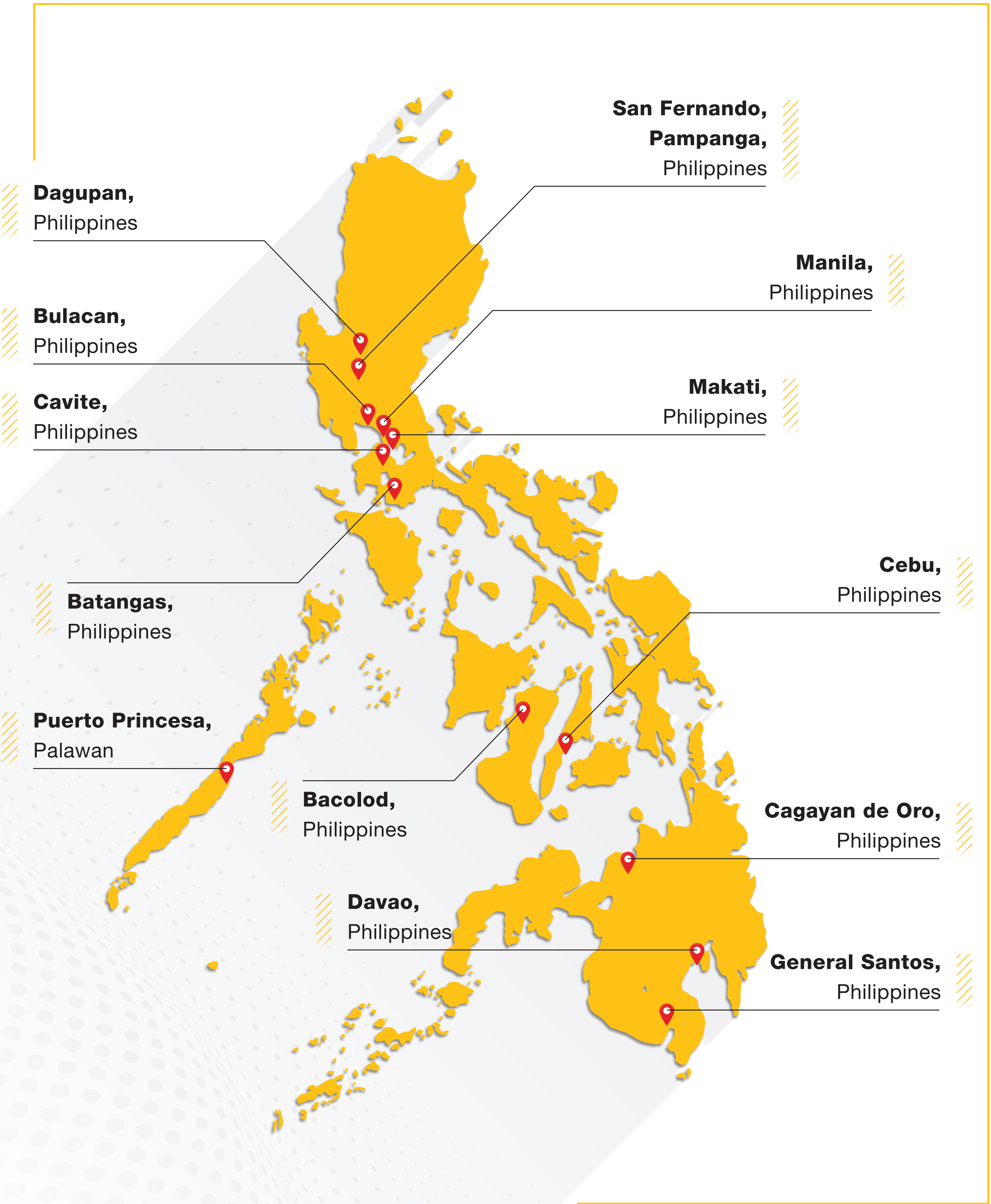
**Subsidiaries of Staysuites Group Sdn Bhd:** Staysuits Malaysia Sdn Bhd (100%); Vacation Rental Advisory Sdn Bhd & Chariskey Suites Sdn Bhd (a 51% subsidiary of Staysuites Malaysia Sdn Bhd)

**Subsidiary of Perfect Host (M) Sdn Bhd:** Luxe Paradigm Sdn Bhd (100%)

Footnote

(1) KNM Group Berhad is considered as an associate of the Group by virtue of its ability to exercise significant influence over KNM Group Berhad through its board representations.
(2) Formerly known as Prosper Magnum Sdn Bhd.
(2) Formerly known as Edumaax Cheltcol Sdn Bhd.

# OVERSEAS OPERATIONS



# PERUTUSAN PENGERUSI

**PARA PEMEGANG SAHAM YANG DIHORMATI,**

Dengan sukacitanya, saya membentangkan bagi pihak Lembaga Pengarah, Laporan Tahunan MAA Group Berhad ("MAAG" atau "Syarikat") dan syarikat-syarikat subsidiarinya (secara kolektif dirujuk sebagai "Kumpulan") bagi tahun kewangan yang berakhir pada 30 Jun 2023 ("FYE 30 June 2023").

## PERSEKITARAN OPERASI

Keluaran dalam negara kasar Malaysia ("KDNK") dijangka akan mengalami pertumbuhan sederhana antara 4% hingga 5% pada 2023, meningkat kepada 4.6% pada 2024 di tengah-tengah persekitaran luaran yang mencabar, dengan permintaan domestik yang memacu pertumbuhan, disokong oleh peningkatan berterusan dalam pasaran buruh dan pelaksanaan projek-projek pelaburan berbilang tahun.

Seperti tahun-tahun kebelakangan ini, perniagaan Insurans Am di Filipina yang dipegang oleh MAA General Assurance Philippines Inc. ("MAAGAP") telah bersedia untuk meneruskan pertumbuhan premium dan margin keuntungan yang bertambah baik pada 2024 dengan menguasai bahagian pasaran yang lebih luas di Filipina melalui pengembangan agensi, usaha ke arah transformasi inovasi digital dan kecekapan pengurusan sambil mengekalkan pemilihan yang berhemah bagi risiko dan dasar-dasar "underwriting". Tanpa mengambil kira keadaan luar jangka yang lain seperti bencana alam, di mana Filipina sangat terdedah kepadanya serta prestasi saham yang dipacu oleh pasaran, Kumpulan optimis secara berwaspada dan mengharapkan MAAGAP dapat meningkatkan hasil dan prestasi kewangannya pada 2024.

Unit-unit operasi Perkhidmatan Pendidikan Kumpulan iaitu Imperium Edumaax, Kasturi dan Kumpulan SJI akan terus memperhebat usaha-usaha pemasaran mereka untuk menambah kemasukan pelajar, mempelbagaikan tawaran program dan meneruskan langkah-langkah kawalan kos untuk 2024.

# PERUTUSAN PENGERUSI
(BERSAMBUNG)

Segmen Perkhidmatan Kredit Kumpulan merangkumi aktiviti perniagaan Peminjaman Wang dan Pemfaktoran Hutang. Perniagaan Peminjaman Wang akan melaksanakan pelan-pelan tindakan pengurusan untuk mengatur semula strategi pelan perniagaannya dan meningkatkan aktiviti pengutipan hutang. Perniagaan Pemfaktoran Hutang akan terus mencari peluang-peluang pertumbuhan.

Segmen Perkhidmatan Hospitaliti Kumpulan pula akan terus memperkukuh usaha-usaha dan kedudukannya dalam pasaran.

Menjelang tahun 2024, Kumpulan menjangkakan persekitaran operasi akan semakin mencabar dan kompetitif. Namun demikian, Kumpulan akan terus berwaspada sambil meneruskan usaha-usahanya dalam menjalankan dan melaksanakan pelan strategik pengurusan dalam mengembangkan perniagaan sedia ada dan meningkatkan keuntungan.

## PRESTASI KEWANGAN

Untuk FYE 30 June 2023, Kumpulan mencatatkan jumlah hasil operasi sebanyak RM283.3 juta yang merangkumi premium perolehan kasar sebanyak RM174.9 juta yang direkodkan oleh perniagaan Insurans Am, pelaburan dan pendapatan faedah sebanyak RM16.6 juta dan hasil operasi lain daripada perniagaan bukan insurans sebanyak RM91.8 juta.

Kumpulan mencatatkan Kerugian Sebelum Cukai ("LBT") sebanyak RM0.2 juta untuk FYE 30 June 2023. Segmen perniagaan Insurans Am dan Perkhidmatan Pendidikan merekodkan Keuntungan Sebelum Cukai ("PBT") masing-masing sebanyak RM19.2 juta dan RM5.9 juta; walau bagaimanapun keuntungan ini telah diimbangi oleh LBT sebanyak RM5.0 juta daripada segmen Pemegangan Pelaburan, LBT sebanyak RM1.8 juta daripada segmen Perkhidmatan Kredit, LBT sebanyak RM12.6 juta daripada segmen Perkhidmatan Hospitaliti dan LBT sebanyak RM5.9 juta daripada segmen Lain-Lain.

Keterangan tentang perniagaan, operasi dan prestasi kewangan Kumpulan bagi FYE 30 June 2023 dan pandangan Kumpulan untuk 2024 dibincangkan secara berasingan dalam Perbincangan Pengurusan dan Penyata Analisis.

## DIVIDEN

Syarikat tidak membayar, mencadangkan atau mengisytiharkan sebarang dividen semasa FYE 30 June 2023 kerana ia sedang mengumpulkan sumber-sumber kewangannya untuk pertumbuhan dan peluang-peluang perniagaan baharu.

## TANGGUNGJAWAB SOSIAL KORPORAT

Kumpulan menjalankan tanggungjawab sosial korporatnya melalui Yayasan Amal Maaedicare ("Maaedicare") dan sokongannya kepada Yayasan Amal Budimas ("Budimas").

Maaedicare menjalankan 12 buah pusat dialisis amal buah pinggang untuk membantu 820 orang pesakit, dan mengendalikan sebuah pusat amal diagnostik dan rawatan jantung. Maaedicare, bersama-sama Persatuan Bulan Sabit Merah Malaysia (BSMM) juga telah menubuhkan Klinik Amal Percuma ("KAP") untuk menyediakan perkhidmatan perubatan berkualiti dan penjagaan kesihatan umum kepada golongan miskin dan kurang bernasib baik.

Budimas mengurus projek-projek menjaga kanak-kanak kurang bernasib baik di Malaysia seperti menyediakan sarapan kepada 5,000 orang pelajar di 140 buah sekolah awam, menyediakan dana untuk 42 buah rumah amal yang menempatkan lebih 2,000 orang kanak-kanak dan telah membina dan mengendalikan 9 buah perpustakaan di penempatan Orang Asli.

## PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada pihak Pengurusan dan Kakitangan atas komitmen, dedikasi dan sumbangan mereka kepada Kumpulan.

Saya juga ingin mengambil kesempatan ini untuk merakamkan penghargaan kami kepada rakan-rakan perniagaan, pelanggan dan pemegang-pemegang saham kami atas sokongan, keyakinan dan kepercayaan berterusan yang tidak ternilai yang telah mereka berikan kepada kami.

Akhir kata, saya ingin mengucapkan terima kasih kepada ahli-ahli Lembaga Pengarah atas pemantauan dan sumbangan mereka kepada Kumpulan.

**Tunku Dato' Yaacob Khyra**
Pengerusi Eksekutif

# CHAIRMAN'S MESSAGE

**DEAR SHAREHOLDERS,**

On behalf of the Board of Directors, I am pleased to present the Annual Report of MAA Group Berhad ("MAAG" or "the Company") and its subsidiaries (collectively referred to as "the Group") for the financial year ended 30 June 2023 ("FYE 30 June 2023").

## OPERATING ENVIRONMENT

Malaysia's gross domestic product ("GDP") is expected to have moderate growth between 4% to 5% in 2023 rising to 4.6% in 2024 amid challenging external environment, with domestic demand continuing to drive growth, supported by the continued improvement in the labour market and the realisation of multi-year investment projects.

Similar to previous years, the General Insurance business in the Philippines, held by MAA General Assurance Philippines Inc. ("MAAGAP"), is poised to continue with premium growth and improved profit margins in 2024 by capturing a wider market share in the Philippines through agencies expansion, venture to innovative digital transformation and management efficiency while preserving its prudent selection of risk and underwriting principles. Baring other unforeseen circumstances like natural disasters which Philippines is most vulnerable to and the market driven stock performance, the Group is cautiously optimistic and expects MAAGAP to improve its revenue and financial performance in 2024.

The Group's Education Services' operating units namely Imperium Edumaax, Kasturi and SJI Group will continue to intensify their marketing efforts to increase student enrolment, diversify program offerings and continue with cost control measures for 2024.

# CHAIRMAN'S MESSAGE
(CONTINUED)

The Credit Services segment of the Group comprises of Money Lending and Debt Factoring business activities. The Money Lending business will implement management action plans to re-strategise its business plans and improve its debt collection activities. The Debt Factoring business will continue to pursue growth opportunities.

The Hospitality Services segment of the Group will continue to strengthen its efforts and market position.

Going into 2024, the Group expects the operating environment to be increasingly challenging and competitive. Notwithstanding this, the Group will continue to be cautious while continuing its efforts in implementing and executing management strategic plans in expanding the existing business and improving profitability.

## FINANCIAL PERFORMANCE

For FYE 30 June 2023, the Group recorded a total operating revenue of RM283.3 million which comprised of gross earned premiums of RM174.9 million recorded by General Insurance business, investment and interest income of RM16.6 million and other operating revenue from non-insurance businesses of RM91.8 million.

The Group recorded a Loss Before Tax ("LBT") of RM0.2 million for FYE 30 June 2023. General Insurance business and Education Services segment recorded Profit Before Tax ("PBT") of RM19.2 million and RM5.9 million respectively; however, these profits were offset by LBT of RM5.0 million from Investment Holdings segment, LBT of RM1.8 million from Credit services segment, LBT of RM12.6 million from Hospitality Services segment and LBT of RM5.9 million from Other segments.

Details of the Group's business, operations and financial performance for FYE 30 June 2023 and the Group's outlook for 2024 are discussed separately in the Management Discussion and Analysis Statement.

## DIVIDENDS

The Company did not pay, propose or declare any dividends during the FYE 30 June 2023 as it is building up its financial resources for new business opportunities and growth.

## CORPORATE SOCIAL RESPONSIBILITY

The Group discharges its corporate social responsibilities through Maaedicare Charitable Foundation ("Maaedicare") and its support for The Budimas Charitable Foundation ("Budimas").

Maaedicare operates 12 charity kidney dialysis centres keeping 820 patients alive and operates a charity heart diagnostic and treatment centre. Maaedicare together with Persatuan Bulan Sabit Merah Malaysia (BSMM) has also jointly established Klinik Amal Percuma ("KAP"). KAP provides quality medical services and general health care to the needy and underprivileged.

Budimas manages projects that care for underprivileged children in Malaysia, providing breakfast for 5,000 underprivilege students at 140 public schools, provides funding for 42 charitable homes housing over 2,000 children, and has built and operates 9 libraries in Orang Asli settlements.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the Management team and Staff for their commitment, dedication and contributions to the Group.

I would also like to take this opportunity to extend our appreciation to our valued business associates, valued customers and the shareholders for the continued invaluable support, confidence and trust they have placed in us.

Finally, I would like to thank my fellow Board members for their stewardship and contributions to the Group.

**Tunku Dato' Yaacob Khyra**
Executive Chairman

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

MAA Group Berhad ("MAAG" or "the Company") is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") with market capitalisation and total assets under management of RM81.8 million and RM823.1 million respectively as at 30 June 2023.

MAAG is principally engaged in investment holding company and the provision of management services. The Company and its subsidiaries ("the Group") are engaged in the businesses of the following:

- Investment Holdings;
- General Insurance business;
- Education Services;
- Credit Services;
- Hospitality Services; and
- Other non-core businesses which include property management, advisory and consultancy services, film distribution and cinema business.

## REVIEW OF THE GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS

The Company and its subsidiaries changed their financial year end from 31 December to 30 June during the previous financial period. Accordingly, the comparative information which was prepared for the 18 months period from 1 January 2021 to 30 June 2022 ("FPE 30 June 2022"), is therefore, not comparable.

The following tables are the key financial information for the financial year ended 30 June 2023 ("FYE 30 June 2023") and FPE 30 June 2022:

| Statements of Profit or Loss | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| Operating Revenue | **283,348** | 364,149 |
| Operating Loss | **(368)** | (76,646) |
| Loss Before Tax | **(222)** | (139,403) |
| Loss attributable to the Owners of the Company | **(1,416)** | (134,170) |
| Basic Loss per Share (sen) | **(0.54)** | (50.87) |

| Statements of Financial Position | As at 30.6.2023 RM'000 | As at 30.6.2022 RM'000 |
|---|---|---|
| Total Assets | **823,107** | 777,212 |
| Total Liabilities | **464,832** | 417,050 |
| Shareholders' Equity | **390,612** | 379,016 |
| Net Asset per Share (sen) | **1.48** | 1.44 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## Operating Revenue

The Group recorded an operating revenue of RM283.3 million mainly from gross earned premiums of RM174.9 million recorded by the General Insurance business held by MAA General Assurance Philippines, Inc ("MAAGAP") which contributed 61.7% of the total operating revenue in FYE 30 June 2023.

Major composition of the Group's Operating Revenue is shown below:

| | FYE 30 June 2023 (12 months) | | FPE 30 June 2022 (18 months) | |
|---|---|---|---|---|
| | RM'000 | % | RM'000 | % |
| General insurance gross earned premiums | **174,944** | **61.7** | 248,996 | 68.4 |
| Education tuition fee | **28,110** | **9.9** | 38,446 | 10.5 |
| Revenue from Hospitality Services | **45,094** | **15.9** | 34,863 | 9.6 |
| Revenue from Credit Services | **11,823** | **4.2** | 15,844 | 4.4 |
| Interest income | **11,989** | **4.3** | 14,887 | 4.1 |
| Investment income | **4,629** | **1.6** | 7,916 | 2.2 |
| Others | **6,759** | **2.4** | 3,197 | 0.8 |
| | **283,348** | **100.0** | 364,149 | 100.0 |

## Profit/(Loss) Before Tax

*By Business Segments*

| | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| General Insurance business | **19,226** | 33,580 |
| Investment Holdings | **(5,179)** | (36,828) |
| Education Services | **5,921** | (19,707) |
| Credit Services | **(1,829)** | (23,678) |
| Hospitality Services | **(12,649)** | (24,883) |
| Other segments | **(5,858)** | (5,130) |
| Operating loss | **(368)** | (76,646) |
| Share of profit/(loss) after tax of equity accounted associates | **146** | (62,757) |
| Loss before tax | **(222)** | (139,403) |

The Group recorded a Loss Before Tax ("LBT") of RM0.2 million for FYE 30 June 2023. General Insurance business and Education Services segment recorded PBT of RM19.2 million and RM5.9 million respectively; however, these profits were offset by Loss Before Tax ("LBT") of RM5.0 million from Investment Holdings segment, LBT of RM1.8 million from Credit services segment, LBT of RM12.6 million from Hospitality Services segment and LBT of RM5.9 million from Other segments.

The performance of the Group's significant business segments during the FYE 30 June 2023 under review are attached in pages 29 to 34 of the Management Discussion and Analysis.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

The following analysis of financial performance and condition should be read in conjunction with the Group's Audited Financial Statements for the FYE 30 June 2023.

**Summary of the Group's Statements of Profit or Loss**

| | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| Net earned premiums | **96,794** | 154,153 |
| Investment income | **4,629** | 7,916 |
| Interest income | **11,989** | 14,887 |
| Realised (losses)/gains | **(1)** | 9,032 |
| Fair value gains/(losses) | **31,467** | (27,632) |
| Other operating revenue from non-insurance businesses | **91,786** | 92,350 |
| Other operating income/(expenses) – net | **10,586** | (2,159) |
| Net commission expenses | **(35,972)** | (55,519) |
| Net claims incurred | **(39,223)** | (52,928) |
| Management expenses | **(153,790)** | (171,161) |
| Net impairment loss on financial instruments | **(12,789)** | (41,203) |
| Finance costs | **(5,844)** | (4,382) |
| Operating loss | **(368)** | (76,646) |
| Share of profit/(loss) after tax of equity accounted associates | **146** | (62,757) |
| Loss before tax | **(222)** | (139,403) |

The Group recorded a LBT of RM0.2 million in FYE 30 June 2023. During the FYE 30 June 2023, the Group recorded the following:

- net fair value gains of RM14.7 million on equity investments at fair value through profit or loss ("FVTPL"); and
- fair value gain of RM14.1 million from an investment property, as disclosed in Note 16(d) to the financial statements.

However, the following losses have mainly out-weighted the above profits:

- impairment loss of RM12.3 million on loans from money lending and other credit activities; and
- LBT of RM12.6 million recorded by Hospitality Services segment.

On another note, the LBT of RM139.4 million recorded in FPE 30 June 2022 was mainly due to the following:

- net fair value loss of RM26.1 million on equity investments at FVTPL;
- impairment loss of RM19.5 million and RM21.0 million on loans from money lending and other credit activities and factoring receivables respectively;
- impairment loss on goodwill acquired of RM6.5 million;
- impairment loss of RM2.4 million on investment in an associate;
- higher depreciation on right-of-use assets and the related lease interest due to the new lease agreements entered into by the Group during the FPE 30 June 2022;
- higher management expenses from Hospitality 360 Sdn Bhd and its subsidiaries ("H360 Group") since becoming a subsidiary in November 2020 totalling RM51.6 million; and
- share of loss of RM62.7 million from an associate.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**Summary of the Group's Statements of Financial Position**

The table below shows the significant changes of the Group's assets and liabilities:

| | | As at 30.6.2023 | As at 30.6.2022 | Changes | |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | % |
| **Assets** | | | | | |
| Property, plant and equipment | | **25,729** | 24,718 | 1,011 | 4.1% |
| Right-of-use assets | (i) | **42,717** | 37,398 | 5,319 | 14.2% |
| Investment properties | (ii) | **88,447** | 49,703 | 38,744 | 78.0% |
| Reinsurance assets | (iii) | **78,677** | 87,761 | (9,084) | -10.4% |
| Loans and receivables | (iv) | **56,674** | 56,280 | 394 | 0.7% |
| Trade and other receivables | (v) | **76,819** | 73,873 | 2,946 | 4.0% |
| Investments | (vi) | **322,617** | 288,908 | 33,709 | 11.7% |
| Insurance receivables | (vii) | **42,079** | 47,504 | (5,425) | -11.4% |
| Cash and cash equivalents | (viii) | **32,993** | 53,785 | (20,792) | -38.7% |
| Other assets | | **56,355** | 57,282 | (927) | -1.6% |
| **Total Assets** | | **823,107** | 777,212 | 45,895 | 5.9% |
| **Liabilities** | | | | | |
| Insurance contract liabilities | (ix) | **232,612** | 227,916 | 4,696 | 2.1% |
| Lease liabilities | (x) | **52,573** | 45,286 | 7,287 | 16.1% |
| Borrowings | (xi) | **55,837** | 19,159 | 36,678 | 191.4% |
| Insurance payables | (xii) | **18,601** | 25,167 | (6,566) | -26.1% |
| Trade and other payables | (xiii) | **94,223** | 94,929 | (706) | -0.7% |
| Other liabilities | | **10,986** | 4,593 | 6,393 | 139.2% |
| **Total Liabilities** | | **464,832** | 417,050 | 47,782 | 11.5% |
| **Shareholders' Equity** | | **390,612** | 379,016 | 11,596 | 3.1% |

**Total Assets**

The Group's Total Assets as at 30 June 2023 has increased by 5.9% or RM45.9 million to RM823.1 million as compared to RM777.2 million as at 30 June 2022.

Below are commentaries on significant changes on the Group's assets:

(i) Right-of-use ("ROU") assets

The ROU assets of the Group, which mainly consist of leases of office buildings, furniture, fitting and equipments, increased by RM5.3 million to RM42.7 million from RM37.4 million as at 30 June 2022 due to the new lease agreements mainly under the Hospitality segment entered into by the Group during the current financial year.

(ii) Investment properties

The Group's Investment properties increased by RM38.7 million to RM88.4 million from RM49.7 million as at 30 June 2022 mainly attributed to the recognition of an investment property during the current financial year, as disclosed in Note 16(d) to the financial statements.

(iii) Reinsurance assets

The reinsurers share of provision for outstanding claims and provision for unearned premium reserves (Reinsurance assets) decreased by 10.4% or RM9.1 million to RM78.7 million from RM87.8 million as at 30 June 2022.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

(iv) Loans and receivables

The Group's loans and receivables mainly comprised of loans from money lending and other credit activities, staff loans and fixed deposits placed with licensed banks with maturities above 3 months. The Group recorded loans and receivables of RM56.7 million as at 30 June 2023 as compared to RM56.3 million as at 30 June 2022; despite the increase in gross receivables (before impairment loss) from loans from money lending and other credit activities of RM80.6 million as compared to RM68.2 million as at 30 June 2022. During the FYE 30 June 2023, the Group recognised an impairment loss of RM12.3 million on loans receivables from money lending and other credit activities.

(v) Trade and other receivables

The Group's trade and other receivables increased by 4.0% or RM2.9 million to RM76.8 million from RM73.9 million as at 30 June 2022, mainly increased from deposit and prepayments. Factoring receivables recorded a decrease in gross receivable (before impairment loss) of RM29.6 million from RM33.6 million as at 30 June 2022. During the FYE 30 June 2023, the Group recognised a reversal of impairment loss of RM278,000 on factoring receivables.

(vi) Investments

The Group's investments comprised of:

| | As at 30.6.2023 | | As at 30.6.2022 | | Changes | |
|---|---|---|---|---|---|---|
| | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** |
| Investments at fair value through profit or loss ("FVTPL") | | | | | | |
| • Equity securities | 83,677 | 25.9 | 85,868 | 29.7 | (2,191) | -2.6% |
| • Unit trusts | 452 | 0.1 | 401 | 0.1 | 51 | 12.7% |
| | 84,129 | 26.0 | 86,269 | 29.8 | (2,140) | -2.5% |
| Investments at fair value through other comprehensive income ("FVOCI") | | | | | | |
| • Government debt securities | 66,835 | 20.7 | 45,645 | 15.8 | 21,190 | 46.4% |
| • Corporate debt securities | 1,385 | 0.5 | 1,350 | 0.5 | 35 | 2.6% |
| • Equity securities | 18,736 | 5.8 | 24,460 | 8.5 | (5,724) | -23.4% |
| | 86,956 | 27.0 | 71,455 | 24.8 | 15,501 | 21.7% |
| Investments at amortised cost | | | | | | |
| • Government debt securities | 29,424 | 9.1 | 18,011 | 6.2 | 11,413 | 63.4% |
| • Corporate debt securities | 118,628 | 36.8 | 110,448 | 38.2 | 8,180 | 7.4% |
| • Investment notes | 3,480 | 1.1 | 2,725 | 1.0 | 755 | 27.7% |
| | 151,532 | 47.0 | 131,184 | 45.4 | 20,348 | 15.5% |
| **Total Investments** | **322,617** | **100.0** | **288,908** | **100.0** | **33,709** | **11.7%** |

As at 30 June 2023, the Group's investments increased by 11.7% or RM33.7 million to RM322.6 million from RM288.9 million as at 30 June 2022.

During the FYE 30 June 2023, the Group recognised the following in profit or loss:

- net fair values gains of RM13.4 million on equity securities quoted outside Malaysia
- net fair values gains of RM1.3 million on equity securities unquoted outside Malaysia

As at 30 June 2023, the total fair value reserve for Investments classified at FVOCI increased to negative RM6.1 million as compared to a negative RM4.2 million as at 30 June 2022.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

(vii) Insurance receivables

The Group's insurance receivables were solely from MAAGAP, consist of amounts due from brokers, agents and ceding companies, fund held by ceding companies, reinsurance recoverable on paid losses, net of impairment loss. As at 30 June 2023, insurance receivables recorded a decrease of 11.4% or RM5.4 million to RM42.1 million from RM47.5 million as at 30 June 2022.

(viii) Cash and cash equivalents

The Group's cash and cash equivalents are made up of cash in hand and balances with banks, fixed deposits placed with licensed banks with maturities of 3 months or less. The Group's cash and cash equivalents decreased by 38.7% or RM20.8 million to RM33.0 million from RM53.8 million as at 30 June 2022. This decrease was mainly due to the provision of working capital to subsidiaries for its money lending, debts factoring, education, hospitality and cinema businesses.

**Total Liabilities**

The Group's Total Liabilities increased by 11.5% or RM47.8 million to RM464.8 million from RM417.0 million as at 30 June 2022.

Below commentaries on significant changes on the Group's liabilities:

(ix) Insurance contract liabilities

The Group's insurance contract liabilities consist of gross provision for outstanding claims and gross provision for unearned premium. Total insurance contract liabilities increased by 2.1% or RM4.7 million to RM232.6 million from RM227.9 million as at 30 June 2022.

(x) Lease liabilities

The Group's lease liabilities increased significantly by 16.1% or RM7.3 million to RM52.6 million from RM45.3 million as at 30 June 2022 due to the new lease agreements entered into by the Group during the current financial year.

(xi) Borrowings

The Group's borrowing increased to RM55.9 million from RM19.2 million as at 30 June 2022. The increase was mainly due to loans received from a substantial shareholder of the Company and financing from issuance of redeemable preference shares during the current financial year to finance the Group's working capital and business expansion. The margin trading finance facility agreement entered by a subsidiary during the previous financial period has been fully settled in the current financial year.

(xii) Insurance payables

The Group's insurance payables decreased by 26.1% or RM6.6 million to RM18.6 million from RM25.2 million as at 30 June 2022, mainly due to lower outstanding balance due to reinsurers and ceding companies.

(xiii) Trade and other payables

The Group's trade and other payables registered a decrease of 0.7% or RM0.7 million to RM94.2 million from RM94.9 million as at 30 June 2022.

**Shareholders' Equity**

The Group's Shareholders' Equity as at 30 June 2023 increased by 3.1% or RM11.6 million to RM391.0 million from RM379.0 million as at 30 June 2022 mainly attributed to the net gains of RM12.1 million arising from the foreign currency translation for foreign operations recognised during the current financial year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## GROUP'S FINANCING, LIQUIDITY AND CAPITAL MANAGEMENT

The Group's capital management objectives are aimed to ensure there is adequate funding for meeting the following at the business segment level:

- business operations and growth
- supervisory authorities' capital requirements for insurance companies in the Philippines
- preservation of capital for new investment/business opportunities and rewarding the shareholders

As at 30 June 2023, MAAGAP's net worth and risk-based capital adequacy ratio were well above the minimum requirements set by the Philippines supervisory authority for insurance companies.

## DIVIDEND POLICY

The Company did not pay, propose or declare any dividends during the FYE 30 June 2023 as it is building up its financial resources for new business opportunities and growth.

The Board will continue to evaluate the dividend policy of the Company, taking into consideration main factors like the need to conserve its cash for any contingencies due to the funding requirements for sustainable operations and growth of the businesses of the Group, reserve for new investment/business opportunities of the Company and lastly the minimum net worth requirement for insurance companies under the Insurance Code issued by the Insurance Commission of the Philippines.

## ANTICIPATED OR KNOWN RISKS

The Group's activities are exposed to variety of risks, including the risk of fraud, investment risks, strategic and business risks. The Group's overall risk management objective is to ensure the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

The risks that most significantly affected the Group as a whole during FYE 30 June 2023, the discussion of its impact to the Group's business and performance together with the Group's strategies to mitigate the identified risks forms part of the Statement of Risk Management and Internal Control of this Annual Report on page 42 to 44.

## OUTLOOK FOR FINANCIAL YEAR 2024 ("FY2024")

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects.

The Group expects the General Insurance business in the Philippines to continue with premium growth and improved profit margins in FY2024 and MAAGAP being the main revenue contributor to the Group. Barring other unforeseen circumstances like natural disasters which Philippines is most vulnerable to and the market driven stock performance, MAAGAP remains optimistic for FY2024. The Group expects MAAGAP to improve its financial performance in FY2024 by capturing a wider market share in the Philippines through agencies expansion, venture to innovative digital transformation and management efficiency while preserving its prudent selection of risk and underwriting principles.

Moving into FY2024 will continue to be a challenging year for the Group's Education Services business. The Education Services' operating units namely Imperium Edumaax, Kasturi and SJI Group will continue to intensify their marketing efforts to increase student enrolment, diversify programme offerings and continue with cost control measures.

The Credit Services segment of the Group comprises of Money Lending and Debt Factoring business activities. The Money Lending business will implement management action plans to re-strategise its business plans and improve its debt collection activities. The Debt Factoring business will continue to pursue growth opportunities specifically targeting clients with Government contracts.

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

Although the global economic outlook for FY2024 continues to be cautious, the Group will continue its efforts to implement management action plans to expand existing business and improve profitability.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## PERFORMANCE BY OPERATING BUSINESS SEGMENTS

### BUSINESS SEGMENT – INVESTMENT HOLDINGS

**1) Business Operations Review**

Investment Holdings comprised of the Company and subsidiaries, namely MAA Corporation Sdn Bhd, MAA International Group Ltd, MAA International Investments Ltd and Maax Capital Sdn Bhd whose principal activities are investments mainly in shares of subsidiaries and other quoted and unquoted equity securities, overseas investment properties held primarily for capital appreciation and local investment properties.

**2) Financial Performance**

| | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| Operating Revenue | **3,430** | 5,591 |
| Loss Before Tax | **(5,047)** | (99,597) |

In FYE 30 June 2023, Investment Holdings segment recorded a total operating revenue of RM3.4 million which comprised mainly from investment and interest income of RM3.2 million with a LBT of RM5.0 million. Investment Holdings segment recorded net fair value gains on equity investments of RM13.8 million, however, this gains was offset by higher management expenses of RM22.6 million.

**3) Sustainability and Strategic Direction**

The Group will continue its efforts to implement management action plans to expand existing business and improve profitability.

### BUSINESS SEGMENT – GENERAL INSURANCE

**1) Business Operations Review**

The Group's General Insurance business in the Philippines held via subsidiary, MAA General Assurance Philippines, Inc ("MAAGAP") offers a wide range of products to both retail and corporate clients. The product offerings cover fire, motor, marine, personal accident, bond, engineering and general accident. MAAGAP distributes its products mainly via agency network, brokers and banks. MAAGAP has established a credible presence in the Philippines insurance sector.

**2) Financial Performance**

| | FYE 30 June 2023 (12 months) | | FPE 30 June 2022 (18 months) | |
|---|---|---|---|---|
| | PHP'000 | RM'000 | PHP'000 | RM'000 |
| Gross Premiums Written ("GPW") | **2,203,383** | **177,020** | 3,082,412 | 256,455 |
| Underwriting Surplus | **270,175** | **21,599** | 545,292 | 45,706 |
| Investment Income | **37,635** | **3,029** | 54,340 | 4,530 |
| Interest Income | **121,849** | **9,801** | 149,160 | 12,424 |
| Profit Before Tax | **240,366** | **19,226** | 398,815 | 33,580 |
| Claim Ratio in % | **40.5%** | **40.5%** | 34.5% | 34.5% |
| Commission Ratio in % | **37.0%** | **37.0%** | 35.4% | 35.4% |
| Range of currency exchange rate | **1 RM = 12.01 to 12.73PHP** | | 1 RM = 11.68 to 12.24 PHP | |

# MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

For FYE 30 June 2023, MAAGAP recorded a GPW of PHP2,203.4 million (RM177.0 million equivalent). The motor and non-motor classes contributed PHP630.1 million (RM50.6 million equivalent) and PHP1,573.3 million (RM126.4 million equivalent) respectively of the total GPW.

MAAGAP recorded a PBT of PHP240.4 million (RM19.2 million equivalent) for FYE 30 June 2023 contributed by underwriting surplus of PHP270.2 million (RM21.6 million equivalent), investment and interest income of PHP159.5 million (RM12.8 million equivalent), net fair value gains of PHP10.0 million (RM0.9 million equivalent) on equity investments, fair value gain on investment properties of PHP33.4 million (RM2.6 million equivalent) and other income of PHP65.9 million (RM5.3 million equivalent); offset by management expenses of PHP303.6 million (RM24.4 million equivalent).

**3) Sustainability and Strategic Direction**

MAAGAP is expected to continue with premium growth momentum moving into FY2024 by focusing on expanding customer base and also hasten the process of engaging more distribution channels including the use of digital marketing.

Barring unforeseen circumstances like the natural catastrophe risk in the Philippines with typhoons and earthquakes, MAAGAP would continue with claim management to actively monitor the performance of each line of business and at the same time deploy active management and monitoring of the performance of internally and outsourced investment funds in light of market uncertainties to improve and generate positive returns.

## BUSINESS SEGMENT – EDUCATION SERVICES

**1) Business Operations Review**

- Kasturi Academy Sdn Bhd ("Kasturi") – offers private tuition for Malaysia National secondary school curriculum;
- St John's International Edu Group Sdn Bhd and Alfaakademik Sdn Bhd (collectively known as "SJI Group") – operates international school and offers primary and secondary education and private tuition for Cambridge, IGCSE O-Level and A-Level programmes;
- Imperium Edumaax Sdn Bhd ("Imperium Edumaax") – offers tertiary education for certificates, foundations, diplomas, bachelor degrees and professional accountancy qualifications. Imperium Edumaax is also a Human Resource Development Corporation ("HRDF Corp") training provider offering a suite of continuous professional development and training programmes; and
- Edumaax Sdn Bhd and other dormant subsidiaries ("Others unit") – investment holding and other business units on development.

**2) Financial Performance**

| | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| Operating Revenue | **28,173** | 38,655 |
| Profit/(Loss) Before Tax | **5,921** | (19,707) |

*By business unit*

| | FYE 30 June 2023 (12 months) | | | | |
|---|---|---|---|---|---|
| | Kasturi RM'000 | SJI Group RM'000 | Imperium Edumaax RM'000 | Others unit RM'000 | Total RM'000 |
| Operating Revenue | **1,269** | **24,336** | **2,568** | **-** | **28,173** |
| (Loss)/Profit Before Tax | **(2,371)** | **5,049** | **(9,603)** | **12,846** | **5,921** |

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

| | FPE 30 June 2022 (18 months) | | | | |
|---|---|---|---|---|---|
| | Kasturi RM'000 | SJI Group RM'000 | Imperium Edumaax RM'000 | Others unit RM'000 | Total |
| Operating Revenue | 1,519 | 31,071 | 6,065 | - | 38,655 |
| (Loss)/Profit Before Tax | (963) | 6,678 | (17,397) | (8,025) | (19,707) |

Financial performance by business unit:

(i) Kasturi

For FYE 30 June 2023, Kasturi recorded a total operating revenue of RM1.3 million with a LBT of RM2.4 million. LBT was attributable to loss from tuition centre, mainly due to low students' enrolment. Kasturi is undertaking series of transformation plans which includes enhancing students' learning experience, rationalisation exercise, rebranding exercise, increasing existing market share, implementing 'SPEED' marketing focusing on people, e-marketing, educators, and direct marketing. In addition, Kasturi had also launched its online learning portal, namely "Kazoom" to allow it to reach out to a larger population especially those who live out of Klang Valley.

(ii) SJI Group

For FYE 30 June 2023, SJI Group recorded a total operating revenue of RM24.3 million with a PBT of RM5.0 million with major contribution from the Secondary education.

(iii) Imperium Edumaax

For FYE 30 June 2023, Imperium Edumaax recorded a total operating revenue of RM2.6 million with a LBT of RM9.6 million. To improve students' enrolment rate, management has reviewed key areas including programmes and fee structure to ensure premium education quality with affordable fees. Management is also constantly intensifying marketing initiatives, actively engaging agents, and promoting synergy effort within group of education companies. In view of these initiatives, management expects a higher enrolment rate in the upcoming quarters.

(iv) Others unit

For FYE 30 June 2023, Others unit recorded a PBT of RM12.8 million mainly attributed by fair value gain of RM14.1 million from an investment property, as disclosed in Note 16(d) to the financial statements.

**2) Sustainability and Strategic Direction**

The sustainability and strategic direction of each business unit under Education Services are as follows:

(i) Kasturi

Kasturi licensed by the Ministry of Education, Malaysia ("MOE") with proper set up in terms of facilities and teaching faculty to operate private tuition business for secondary national school curriculum.

In FY2024, Kasturi will continue to pursue the following initiatives to improve its performance:

- Identify strategic locations to open new centres or to relocate existing centres;
- Continuous rationalisation exercise including closing down non-profitable centres;
- Implement 'SPEED' marketing plan that focuses on school, people, e-marketing, educators and direct marketing;
- Launched its online learning portal to allow it to reach out to a larger population especially those who live out of Klang Valley;
- Target on new population to increase existing market share;
- Introduce internal assessment as a substitution to monitor students' performance level in response to the abolishment of PT3 exam.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

(ii) SJI Group

SJI Group complements the Education Services segment of the Group with its business of operating International primary and secondary education and private tuition for Cambridge, IGCSE O-Level and A-Level.

Moving into FY2024, the SJI Group will continue this growth momentum riding on its marketing and student recruitment drives for both its primary and secondary schools.

(iii) Imperium Edumaax

Imperium Edumaax offers students the opportunity to pursue home-grown programmes (Certificate Programmes, Foundation Studies and Diplomas), globally recognised 3+0 Bachelor's degree programmes in Business, Computer Science and Engineering that are awarded by Anglia Ruskin University in the UK.

In addition, Imperium Edumaax also offers Foundation in Accountancy, the globally recognised Association of Chartered Certified Accountants (ACCA) programme, the 4+0 American Degree Programme from Fort Hays State University (FHSU) in Business and Imperium Edumaax itself is officially a Human Resources Development (HRD) Corp registered training provider to offer short courses and training programmes which is beneficial to the eligible employers under the scheme.

Ongoing rationalisation exercise for Imperium Edumaax, the Group's turnaround plans include the following:

- Continuous cost control measures;
- Reviewing programmes and fees structure to ensure premium education quality with affordable fees;
- Offer a wider range of courses or programmes to cater market needs;
- Focus on rebranding strategy with a series of branding awareness activities, advertising and promotional events and continuous targeted marketing initiatives;
- Focus on international students' enrolment following the opening up of international travel and student mobility post pandemic; and
- Promote synergy effort within the Group in that the Kasturi Group and SJI Group work very closely with Imperium Edumaax to provide the pool of students advancing from secondary school (after SPM, STPM, IGCSE O-level and A-Level) to tertiary education.

Moving into FY2024, Imperium Edumaax is in continuous effort to build brand awareness and to increase student enrolment.

## BUSINESS SEGMENT – CREDIT SERVICES

### 1) Business Operations Review

Credit Services comprised of the following business units:

- MAA Credit Berhad ("MAA Credit") – A licensed money lending company which provides term loans to businesses and individuals and short-term microfinancing loans to individuals;
- Maax Factor Sdn Bhd ("Maax Factor") – A debt factoring house that specialises in financing SMEs on a recourse basis through invoice discounting; and
- MicroLEAP PLT ("MircoLEAP") – The Group had entered into a partnership with MicroLEAP, a shariah-compliant and conventional Peer-to-Peer Fintech Platform that is regulated by the Securities Commission Malaysia.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2) Financial Performance

| | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| Operating Revenue | **12,352** | 16,110 |
| Loss Before Tax | **(1,829)** | (23,678) |

For FYE 30 June 2023, Credit Services segment recorded a total operating revenue of RM12.4 million which comprised mainly income of RM10.1 million from money lending and other credit activities and RM2.2 million from debt factoring business.

Credit Services segment recorded a LBT of RM1.8 million for FYE 30 June 2023. Impairment loss of RM12.3 million on loans from money lending and other credit activities has outweighed the total operating revenue of RM12.4 million.

## 3) Sustainability and Strategic Direction

The sustainability and strategic direction of each business unit under Credit Services are as follows:

(i) MAA Credit

In our ongoing pursuit to further grow the business through digitalisation, MAA Credit plan to offer short-term microfinancing loans online via the MAA Credit website, that is in line with regulations by the Ministry of Housing and Local Government. This would increase our financing reach to borrowers from any parts of the country, without the need to open multiple physical branches. For term loans to businesses and individuals, credit risk management practices are further intensified to ensure improvement of the on-going quality of debts and loan portfolios, while also focusing on debt collection activities. Key target segments will be essential services/products and businesses that can operate adequately in slower than expected economic growth.

(ii) Maax Factor

The outlook for the alternative financial services industry remains positive despite short-term economic headwinds due to slower than expected economic growth. The sector remains resilient as the SME segment remains underserved by the banking sector. The segment has significant room for growth noting that more than 95% of business establishments in Malaysia are SMEs, in all sectors.

- The key focus is to expand the portfolio and finance clientele who have debt to factor from governmental entities, public listed companies and their subsidiaries and other recognisable and reputable private entities.
- Obtained Shariah certification to offer Islamic Factoring facility to facilitate clients who are concerned on Halal financing.
- Collaborated with a Factoring House which has enabled penetration into a larger market by financing SMEs which have been awarded contracts by the Government Agencies. The payment is secure as it will be paid through the ePerolehan system.

iii) MicroLEAP PLT

- To enter into Public and Private Partnership with large organisations to ensure all the Investment Notes can be fully invested in a timely manner. Key partnerships to date include Malaysian Technology Development Corporation (MTDC), SME Corp and Bank Pembangunan Malaysia Berhad.
- Expansion of Islamic Product Offerings such as Collateralised Shariah-compliant Car Dealer Financing, and Shariah-compliant Invoice Financing.
- To expand the business overseas with potential countries like Uzbekistan, Indonesia, Turkey, Saudi Arabia and Cambodia.
- To introduce a new product called microLEAP Social Financing which is a donation-based financing to B40-owned business through Qard Hassan (0% Financing).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## BUSINESS SEGMENT – HOSPITALITY SERVICES

### 1) Business Operations Review

The Group's Hospitality Services segment held via Hospitality 360 Sdn Bhd and its subsidiaries ("H360 Group"). Hospitality Services is made up of the following business units:

- Hospitality Industry – offers a variety of businesses and services linked to the tourism industry, including short-term and long-term accommodation, operating destination tourist attraction, food & beverage outlets, on-line travel booking platform, including ticketing of local attractions;
- Cigar Division – importer, distributor, and retailer of premium, hand-made cigars, and cigar accessories; and
- Other services include logistics, renovation, and facilities management services.

### 2) Financial Performance

| | FYE 30 June 2023 (12 months) RM'000 | FPE 30 June 2022 (18 months) RM'000 |
|---|---|---|
| Operating Revenue | **45,094** | 34,889 |
| Loss Before Tax | **(12,635)** | (24,871) |

The Group's Hospitality Services segment recorded a total operating revenue of RM45.1 million and a LBT of RM12.6 million for FPE 30 June 2023.

### 3) Sustainability and Strategic Direction

The sustainability and strategic direction of each business unit under Hospitality Services are as follows:

i) Hospitality Industry

In FY2024, H360 Group will continue to pursue the following initiatives to sustain and improve its performance:

- Identify strategic locations to open new short-term and long-term accommodation.
- Focus on branding strategy with a series of branding awareness activities, advertising and promotional events and continuous targeted marketing initiatives to re-capture both the local and international markets.
- Increase occupancy rate for all properties through sales and marketing campaigns, locally and abroad via participation in travel fairs and events.
- Increase room rates as demand for rooms improve across all properties.
- Continue with cost control measures to manage expenses and improve profitability.

ii) Cigar Division

Moving into FY2024, the Cigar Division aims to increase its market share in the cigar lifestyle market by importing and promoting selected popular Cuban and non-Cuban cigars, including introducing a new house brand into the Malaysia market.

iii) Other services - including logistics, renovation, and facilities management services

- For logistics services, identify strategic partners to increase parcel volume and to collaborate in extending reach to East Malaysia.
- For renovation services, provide an innovative idea to digitalise the entire process from Interior Design to renovation, thus providing a One-Stop-Solution to enhance renovation and Interior Design shopping experience to target customers.
- Continue to pursue cost control measures across all sectors to improve contribution to profits.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company ("Board") is fully supportive of the Malaysian Code of Corporate Governance that was last updated on 28 April 2021 by Securities Commission Malaysia. The Company has also used its best endeavors to enhance its policies and procedures in order to apply the principles of the Code. The Company's corporate governance practices and activities for the financial year ended 30 June 2023 are set out in this Corporate Governance Overview Statement as well as the Corporate Governance Report. The Corporate Governance Report is published on our website: https://www.maa.my/maa/maagroup/index.php?corporate-governance-1.

## BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board plays a critical role in setting the appropriate tone at the top, providing leadership and championing good governance and ethical practices throughout the company.

Throughout the financial year ended 30 June 2023, the Board has continued to lead and provide direction to management directly as well as indirectly through its committees in relation to the Group's strategic direction and business. These have been further detailed under the Company's Management Discussion and Analysis section of this Annual Report.

In its exercise of oversight of the Company, the Board has met six (6) times in financial year ended 30 June 2023 to monitor the Group's operational and financial performance and to deliberate on the Group's corporate and business matters which require consideration, direction and decision of the Board.

The Board will continue to focus on good governance and towards protection of all stakeholders' interest and including the interest of the shareholders with a view to adding long term value to the Company's shares.

The Board is also committed to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour. To this end, the Board has approved and adopted the revisions and enhancements to its Board Charter and the Code of Conduct and Ethics to be in line with the principles and practices under the Code.

During the financial year ended 30 June 2023, the members of the Board have attended and participated in various programmes and forums to keep abreast of current trends and issues while enabling them to update and refresh their skills and knowledge necessary for the performance of their duties. The Board is satisfied with the time commitment given by the directors of the Company in discharging their duties.

Details of the meeting attendance by each of the Directors for the financial year ended 30 June 2023 are as follows:

| Members of the Board | Meeting Attendance |
|---|---|
| Tunku Dato' Yaacob Khyra (Chairman) | 5/6 |
| Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah | 6/6 |
| Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan | 6/6 |
| Datin Seri Raihanah Begum binti Abdul Rahman | 5/6 |
| Yeo Took Keat | 6/6 |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

The programmes or forums attended by Directors include the following:

| Members of the Board | Trainings Attended |
|---|---|
| **Tunku Dato' Yaacob Khyra (Chairman)** | • Impact of Expected Fed Interest Rate Hikes on the Corporate Sector<br>• Audit Committees:<br>- Areas of Oversights<br>- Key Risks<br>- Audit Committee Practices |
| **Tunku Yahaya @ Yahya bin Tan Sri Abdullah** | • Artificial Intelligence (AI) for Company Directors and Executives |
| **Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan** | • Inflation, Looming Recession & Climate Change: A Tricky Balancing Act?<br>• Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees |
| **Datin Seri Raihanah Begum binti Abdul Rahman** | • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers<br>• Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees<br>• Board's at a Glance – Bursa Malaysia's Enhanced Sustainability Reporting Framework |
| **Yeo Took Keat** | • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers<br>• MIA International Accountants Conference 2023 – Future Fit Profession: Charting a Better Tomorrow |

## Board Composition

The Board recognises that it is essential to have an appropriate mix of skills, knowledge, experience, diversity and independent elements in order for the Board to perform its role effectively.

The Board comprises five (5) members as at the date of this Annual Report, of whom three (3) are Independent Non-Executive Directors. The Board Committees are also chaired by Independent Non-Executive Directors.

The Board, with the recommendation of the Audit & Governance Committee ("AGC") and the Nomination and Remuneration Committee, duly notes and fully supports the enhanced standards and requirements under the Code in relation to Board Composition.

The Company policy on the Procedure for the Appointment/Removal of Directors and the Review of the Effectiveness of the Board and Individual Directors covers identification and selection procedure, gender diversity, Independent Directors, review and assessment, procedure for appointment of Directors, documentation on appointment, announcement on appointment, undertaking to Bursa Securities, Director's training, reappointment, retirement and re-election, re-election of Independent Directors, procedure for assessment of effectiveness of the Board, and procedure for removal of Director.

## Remuneration

The Board is aware that fair remuneration is critical to attract, retain and motivate Directors, CEO/Group MD and key senior officers. Procedures for determining the remuneration of directors, CEO/Group MD and key senior officers has been reviewed and enhanced on 23 May 2022 to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities") and the Code.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

The Detailed Remuneration of the Directors for the financial year ended 30 June 2023 is set out below:

| Name | Salary RM'000 | Bonus RM'000 | Benefits in Kinds* RM'000 | Fees RM'000 | Meeting Allowance RM'000 | Others** RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| Tunku Dato' Yaacob Khyra | 1,923 | 481 | 33 | - | 9[N] | 385 | 2,831 |
| Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah | 289 | 72 | 7 | - | - | 104 | 472 |
| TOTAL | 2,212 | 553 | 40 | - | 9 | 489 | 3,303 |
| **Independent Non-Executive Directors** | | | | | | | |
| Yeo Took Keat | - | - | - | 82 | 31 | - | 113 |
| Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan | - | - | - | 61 | 31 | - | 92 |
| Datin Seri Raihanah Begum | - | - | - | 61 | 26 | - | 87 |
| TOTAL | - | - | - | 204 | 88 | - | 292 |
| **GRAND TOTAL** | **2,212** | **553** | **40** | **204** | **97** | **489** | **3,595** |

* Benefits in kind includes company car, petrol, driver and medical insurance benefits.
** Others include vehicle substitution and travelling allowances, long service award and EPF.
(N) Including meeting allowances received from an overseas subsidiary company.

**Audit & Governance Committee ("AGC")**

Details on the AGC are in the AGC Report contained in this Annual Report.

**Risk & Sustainability Committee ("RSC")**

Details on the RSC are contained in the Corporate Governance Report.

**Nomination & Remuneration Committee ("NRC")**

The NRC was established with clearly defined Terms of Reference, and currently comprises three (3) Non-Executive Directors, all of whom are independent pursuant to Paragraph 15.08A(1) of the MMLR of Bursa Securities. Throughout the financial year ended 30 June 2023 the members of NRC are as follows:-

| Name | Designation | Designation Directorship |
|---|---|---|
| Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan | Chairman | Senior Independent Non-Executive Director |
| Yeo Took Keat | Member | Independent Non-Executive Director |
| Datin Seri Raihanah Begum | Member | Independent Non-Executive Director |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

The NRC is empowered by the Board to oversee the selection and assessment of Directors to be appointed to ensure that the Board's composition and skills meet the needs of the Company, hence, tasked with the following duties and responsibilities:-

- To assess and recommend to the Board, candidates for directorships;
- To recommend to the Board the nominees to fill the seats on Board Committees;
- To review Board and senior management succession plans;
- To review training programmes for the Board annually and facilitate board induction and training programmes for new members of the Board;
- To assess the effectiveness of the Board and the Committees of the Board as a whole, and each individual Director;
- To review the term of office and performance of the AGC and each of its members annually to determine whether the AGC and members have carried out their duties in accordance with their terms of reference;
- To act in line with the directions of the Board;
- To consider and examine such other matters as the NRC considers appropriate; and
- To consider any other matters as defined by the Board.

***Activities of the NRC***

During the financial year ended 30 June 2023, the NRC held three (3) meetings to perform the following in the discharge of its duties and responsibilities:-

- Refreshed guidelines on the roles and responsibilities of the NRC;
- Briefed the Gender Diversity Report to the Committee;
- Reviewed and approved the Succession Planning Policy;
- Reviewed the contribution and performance of each individual Director, the Board as a whole and Board Committees;
- Reviewed the term of office and performance of the AGC and each of its members;
- Proposed payment of Directors' fees and benefits to Non-Executive Directors to be tabled for approval at the forthcoming annual general meeting of the Company;
- Proposed appointment of new Independent Non-Executive Director to the Board;
- Reviewed the 2022 annual salary of the employees of the Group;
- Reviewed the attrition rate of the Group;
- Reviewed the Group policy of annual increment and ad hoc salary adjustments; and
- Reviewed the Contract of Service of the Executive Chairman and Executive Director.

The attendance of Directors who are members of NRC during the financial year ended 30 June 2023 is set out below:-

| Members of the Board | Meeting Attendance |
|---|---|
| Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan | **2/3** |
| Yeo Took Keat | **3/3** |
| Datin Seri Raihanah Begum binti Abdul Rahman | **3/3** |

## EFFECTIVE AUDIT AND RISK MANAGEMENT

The AGC as well as the RSC comprises three (3) members, all of whom are independent non-executive directors. Both the AGC and the RSC's function as stipulated under the Terms of Reference has been approved by the Board. Further details on the AGC and the RSC together with their respective activities are set out in the Audit Committee Report and Statement on Risk Management and Internal Control of this Annual Report respectively.

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board is aware of the importance of meaningful communication with its stakeholders including its shareholders. It is the Board's expectation that all directors are to attend the AGM and will use its best endeavours to provide meaningful response to questions addressed to them.

The Board has endorsed the adoption of the Code requirement for notice of the AGM to be given to the shareholders at least 28 days prior to the meeting.

In line with the MMLR of Bursa Securities, the Company had implemented e-voting for all the resolutions set out in the Notice of AGM at the AGM and had appointed one (1) scrutineer to validate the votes cast at the AGM.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

## ANTI-CORRUPTION AND WHISTLE-BLOWING

In line with the requirement under 15.29 of the MMLR of Bursa Securities, the company has established the Anti-Corruption Policy, guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009; and the Whistle-Blowing Policy. Both policies can be viewed at our website.

The Board has put in place a whistleblowing policy, which is revised/updated as and when required, to encourage its employees to report genuine concerns in relation to breach of any legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The whistleblowing policy of the Company provides guidance on the appropriate communication and feedback channels to facilitate whistleblowing.

## SUSTAINABILITY

The Board promotes sustainability through its strategic oversight and integration of sustainability considerations on the decision-making process and operations of the Company. This entails taking a holistic view of how the Company creates value for its shareholders and other stakeholders bearing in mind Economic, Environmental, Social and Governance (“ESG”) factors. Company’s efforts have been taken in the past years to strengthen sustainability governance.

The Company has established a Sustainability Working Committee (“SWC”), comprising key individuals and department heads who are responsible for the day-to-day performance and progress of the sustainability initiatives. The SWC reports directly to the RSC, who is responsible for the Company’s sustainability strategies, policies and initiatives. Decisions made that are related to ESG matters and driving ESG topics in business considerations are escalated to the RSC for approval.

Please refer to the Sustainability Report in the Annual Report for further details.

The Company has engaged with stakeholders in a variety of ways through formal and informal activities. Sustainability strategies, priorities and targets, and performance are communicated through the Company’s annual report and corporate website, which contains its sustainability approach and governance, environmental performance, contributions to society and employee relations, among others.

While sustainability risks and opportunities have been discussed by senior management and at the Board level, a formal evaluation process in addressing sustainability considerations will take effect going forward.

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board understands that the key principles of corporate governance such as effective controls, corporate culture grounded on ethical behaviour and transparency can reduce risk, corruption and mismanagement. Adhering to governance principles also helps identify and manage risks more effectively, ensuring business continuity and minimizing potential negative impacts. The Board shall use its best endeavours to continuously uphold corporate governance standards and ensure corporate governance practices are implemented in the business operations of the Company.

# OTHER BURSA SECURITIES COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 30 June 2023.

## 2. AUDIT AND NON-AUDIT FEES

The details of the statutory audit, audit-related and non-audit fees paid/payable during the financial year ended 30 June 2023 to external auditors and its affiliates are set out below:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Fees paid/payable to KPMG PLT ("KPMG") and its affiliates: | | |
| • Audit services | | |
| - KPMG | 399 | 248 |
| • Non-audit services | | |
| - KPMG | 15 | 15 |
| - Overseas affiliates of KPMG | 63 | - |
| Total | 477 | 263 |

## 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group which involved the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 30 June 2023 or entered into since the end of the previous financial year.

# OTHER BURSA SECURITIES COMPLIANCE INFORMATION

(CONTINUED)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 1 December 2022, the Company sought approval for a shareholders' mandate for the Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 31 October 2022) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the Listing Requirements of Bursa Securities.

The aggregate value of Recurrent Related Party Transactions conducted during the financial year ended 30 June 2023 are:

| Transacting Party | Nature of Transaction | Related Party | Nature of Interest | Value of Transaction (1/7/2022 - 30/6/2023) RM '000 |
|---|---|---|---|---|
| The Group | Corporate secretarial and related services fees paid and payable | Trace Management Services Sdn Bhd ("Trace") | A company in which TY* and TYY* have deemed interest by virtue of their major interest in Melewar Group Berhad, the holding company of Trace. | 291 |
| MAA Corporation Sdn Bhd ("MAA Corp") | Office service fee income | Melewar Equities Sdn Bhd ("MESB") | A company in which TY is deemed interested in MESB. MESB is a subsidiary of Khyra **. TY is a beneficiary of a trust known as Khyra, being the holding company of MESB. | 13 |
| | | Melewar Industrial Group Berhad ("MIG") | TY is a director of MIG. TY is deemed interested in MIG by virtue of him being a beneficiary of Khyra, which is the holding company of MEL***** and MKSB*** which are the major/ substantial shareholders of MIG. | 20 |
| MAA Corp | Office rental income | MESB | TY is deemed interested in MESB. MESB is a subsidiary of Khyra. TY is a beneficiary of Khyra, being the holding company of MESB. | 56 |
| | | MIG | TY is a director of MIG. TY is deemed interested in MIG by virtue of him being a beneficiary of Khyra, which is the holding company of MEL and MKSB which are the major/substantial shareholders of MIG. | 87 |

Definition:

* TY is Tunku Dato' Yaacob Khyra.
* TYY is Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah.

** Khyra is Khyra Legacy Berhad, the ultimate holding company of Melewar Acquisitions Ltd ("MAL")**** and Melewar Equities (BVI) Ltd ("MEL") who are the major/substantial shareholders of the Company.

*** Melewar Khyra Sdn Bhd ("MKSB") is a wholly owned subsidiary of Khyra.

**** MAL is a wholly owned subsidiary of Melewar Equities Sdn Bhd ("MESB") who in turn is a wholly owned subsidiary of Khyra.

***** MEL is a subsidiary of Khyra.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

This statement on Risk Management and Internal Control is made pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Securities which obliges the Board of Directors of a listed company to account for the state of its internal control system in the Annual Report with the principles and recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance.

Pursuant to these requirements, the Board of Directors of the Company ("Board") is pleased to present the following statement that is prepared as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). The statement below outlines the nature and scope of risk management and internal control of the Group during the financial year under review.

## BOARD RESPONSIBILITY

The Board reaffirms its overall responsibility for the Group's system of internal controls, including an assurance of its adequacy, integrity, and its alignment with business objectives. The Board is also of the view that, the risk management framework and internal control system in place are adequately designed and have the capacity to manage the Group's risks within the accepted risk appetite thresholds. The Board does not claim nor believes that the controls will totally eliminate the risks emanating from the exercise of poor judgment in decision making, human error, deliberate circumvention of control processes by employees, and unforeseeable circumstances. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

Whilst the Board has the ultimate responsibility for the Group's risk management and internal control systems, it has delegated the immediate oversight and implementation of these internal controls to the Management who makes regular submissions to the Audit & Governance Committee ("AGC") and Risk & Sustainability Committee ("RSC") on the status of actions taken to mitigate and/or minimise identified risks.

The risk management and internal control system is subject to the Board's regular review via the independent Internal Audit function with a view towards appraising and ascertaining the relevancy, adequacy and effectiveness of the controls in place in key operational and business areas as identified in the annual Audit Plan.

From time to time, the Board receives assurances from the Executive Chairman, Group Chief Operating Officer and Group Chief Financial Officer on the efficacy of the risk management and internal control system and that; it sufficiently safeguards the interests of the Group.

## MANAGEMENT RESPONSIBILITY

The Management reaffirms its responsibility to provide the Board with assurance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, by designing, implementing and monitoring the implementation of an effective risk management and internal control system. The Management also ensures that there is timely reporting to the Board on any changes to the risks or emerging risks and the corrective and mitigation actions to be taken to address any deficiencies identified.

The day-to-day responsibility for the risk management function lies primarily with those entrusted with risk management responsibilities in the operating units. Financial Services Department ("FSD") is responsible to oversee the overall implementation of the Enterprise Risk Management ("ERM") framework which is based on the ISO 31000 Risk Management Standard.

The Group has co-sourced the function of audit and risk assessment review and has appointed Deloitte Business Advisory Sdn Bhd ("Deloitte") as Internal Auditor to provide support to the Management by providing independent and unbiased assurance and insights with their systematic approach to evaluate the effectiveness of risk management, control and governance processes on a periodic basis. Aside from that, they also provide recommendations for improvements relating to the accuracy, efficiency, reliability, and quality of the process.

The Management also conducts annual assessment on the work and performance of Deloitte to ensure that they are still qualified and have shown professionalism in their work in order to be reappointed again by the Group to carry out the audit function and risk assessment review.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

## RISK & SUSTAINABILITY COMMITTEE

In line with Malaysian Code on Corporate Governance ("MCCG") Practice 9.3, Risk & Sustainability Committee ("RSC") which comprises three (3) Committee Members has been established to oversee the Group's risk management framework and policies as well as the sustainability matters. The RSC met five (5) times during the FYE 30 June 2023. The attendance record of the members were as follows:

| Name of Committee Members | Total Meetings Attended 1 July 2022 – 30 June 2023 |
|---|---|
| Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan (Chairman) | 4/5 |
| Datin Seri Raihanah binti Abdul Rahman | 5/5 |
| Yeo Took Keat | 5/5 |

During the RSC meetings, the members were engaged in active discussions with FSD and Deloitte on risk management matters affecting the Group and its operations. The emphasis during the year was on the operations in Malaysia. Risk reviews were conducted by Deloitte on the Company and its subsidiaries and the report was presented and reviewed during the RSC meeting.

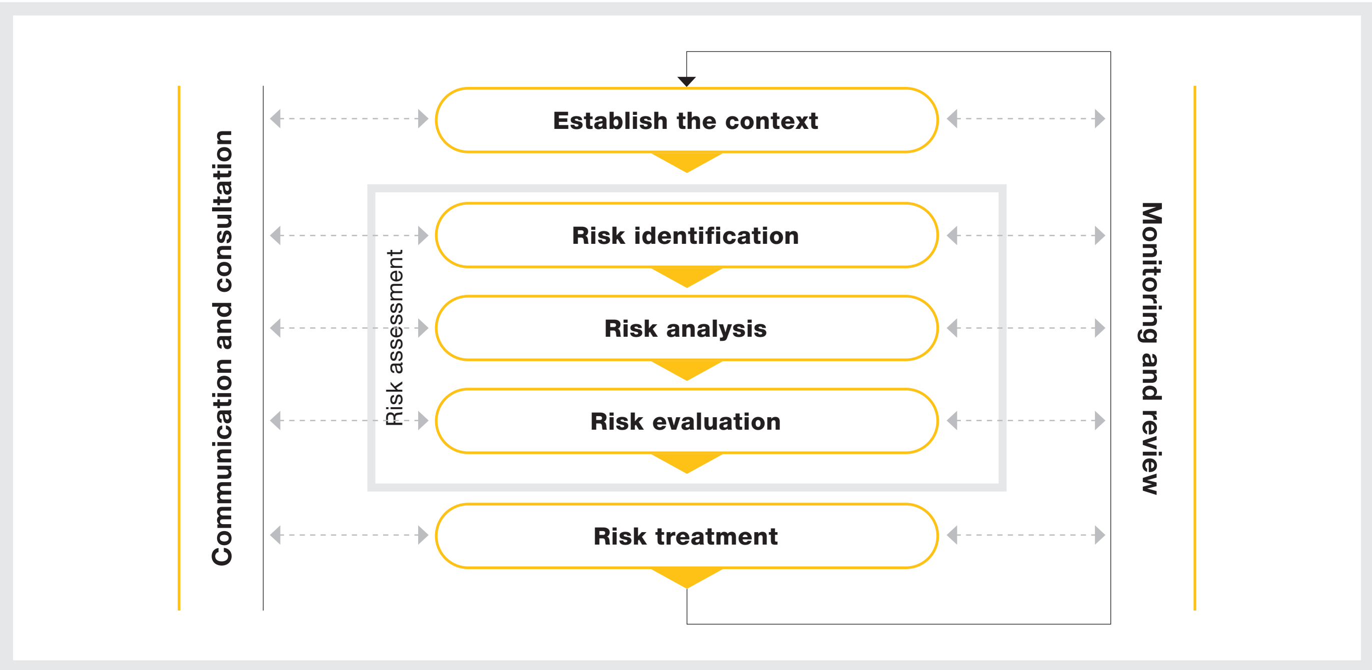
## INTERNAL CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

Management acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal controls to the Board in accordance with the policies approved by the Board.

The internal control system is periodically assessed to determine its adequacy and level of effectiveness. The evaluation is performed by Deloitte using the controls rating parameter stated in the risk management framework. Further assurance is provided by FSD by ensuring all the gaps identified are closed. The internal auditors collaborate with the Management to ensure areas with higher risks are assessed more frequently and more intensely.

Details on the work performed by the Internal audit function can be found in the Audit Committee Report of this Annual Report.

The diagram below encapsulates the risk management process described in the ERM Framework which serves to inform and provide guidance to Directors, senior management, and staff on managing risks in the Group:



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

The ERM Framework sets out:

- the fundamentals and principles of risk management that are to be applied in all situations and throughout the Group;
- the process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- the roles and responsibilities of each level of management in the Group; and
- the mechanisms, tools and techniques for managing risks in the Group.

FSD ensures that all elements of the ERM Framework are implemented throughout the Company and its subsidiaries in a consistent fashion. The process includes the systematic application of procedures and practices to the activities of risk identification, assessment, treatment, monitoring and reporting. This risk management process is applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the point of risk assumption.

The Group is exposed to various financial risks such as credit, interest rate, foreign currency exchange rates, as well as operational risks. The tolerance level for each class of these risks is expressed through the use of a risk impact and likelihood matrix.

Once the risk level is determined, the risk owner is obliged to deal with the relevant risks by adhering to the Group's risk treatment guidance on the actions to be taken and target timeline for implementation of the action plan. The Group will only accept a commercial level of risk that provides reasonable assurance on the long term profitability and survival of the Group.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT

- A comprehensive and detailed set of Standard Operating Procedures ("SOPs") and Internal Control Procedures ("ICPs") encompassing every key activity in all major facets of operations which are constantly revised to reflect changing circumstances. They are also easily accessed by all staff for reference purposes through a system based portal.
- The Executive Chairman chaired the various EXCO meetings attended by Senior Management to discuss and review the financial and business performance of all operating entities, new business initiatives and other corporate issues of the Group including any policy papers to be tabled at the Board.
- Annual budget of operating subsidiaries are prepared by the relevant Business/Operating units and evaluated by Head Office before being tabled for approval at the applicable Boards.
- The AGC comprising entirely of Independent Directors. The AGC is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The AGC and the Committee Members are also entitled to seek such other third party independent professional advice deemed necessary to discharge their responsibilities.
- Reviews by the AGC of all risk management and internal control issues identified by the external and internal auditors. Findings are communicated to the Management and the AGC with recommendations for improvements. Follow-up action to ascertain the implementation status of the recommended remedial actions is conducted by FSD and the AGC is furnished with the relevant update.
- Adoption and implementation of the annual risk-based internal audit plan after it has been approved by the AGC.
- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the AGC, RSC, and Nomination and Remuneration Committee.
- A well-defined organisational structure with clear segregation of duties, accountabilities and responsibilities between Senior Management and Division/Department Heads including appropriately formalised and documented financial and non-financial authority limits.
- Distribution of papers at least five (5) days in advance of a scheduled Board or Board Committee meeting so as to allow sufficient time for members to digest the contents and to seek additional information so as to arrive at an informed decision.

## REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that, there were no significant weaknesses identified during the year in the system of risk management and internal control, contingencies or uncertainties that could result in material losses and adversely affect the Company and the Group. The Company and the Group continues to take the necessary measures to strengthen their internal control structure and the management of risks.

## REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institution of Accountants.

The AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the integrated annual report will, in fact, remedy the problems.

# DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED ACCOUNTS

The Directors are required to prepare financial statements which give a true and fair view of the financial position of the Group and of the Company as the end of the financial year, and of the financial performance and cash flows of the Group and of the Company for the financial year then ended, in accordance with applicable Malaysian Financial Reporting Standards, IFRS Accounting Standards, the requirements of Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

# AUDIT COMMITTEE REPORT

## COMPOSITION AND MEETINGS

The Audit & Governance Committee ("AGC") comprises three (3) members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1) (a) and (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The details of members and their respective attendance record at meetings held during the FYE 30 June 2023 are as follows:

| Name of Committee | No. of Meetings Attended 1 July 2022 – 30 June 2023 |
|---|---|
| Yeo Took Keat (Chairman) | **6/6** |
| Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan | **5/6** |
| Datin Seri Raihanah binti Abdul Rahman | **6/6** |

The Chairman of the AGC, Mr Yeo Took Keat is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants. The AGC, therefore, meets the requirement of paragraph 15.09 (1) (c) of the Listing Requirements of Bursa Securities which stipulates that, at least one (1) member of the AGC must be a qualified accountant.

The AGC meeting is conducted at least once every quarter. The Group Chief Operating Officer and Group Chief Financial Officer were invited to all AGC meetings to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations. The Committee members were provided with the agenda and relevant papers at least two days before each meeting. Minutes of the AGC meetings were distributed to the Board for notation and the Chairman of the AGC reported on the key issues discussed, to the Board.

## TERMS OF REFERENCE

The terms of reference for the AGC can be found on the Company's website.

## SUMMARY OF ACTIVITIES

During the period for FYE 30 June 2023, the AGC carried out its duties as set out in the terms of reference. The principal activities were as follows:

### Financial Reporting and Annual Report

The AGC reviewed the following Group financial statements and made recommendations to the Board for approval of the same:

| Date of AGC Meetings | Quarterly financial results/Financial statements reviewed |
|---|---|
| 25 August 2022 | Unaudited second quarter results for the period ended 30 June 2022 |
| 20 October 2022 | Audited Financial Statements for the financial year ended 30 June 2022 |
| 22 November 2022 | Unaudited third quarter results for the period ended 30 September 2022 |
| 23 February 2023 | Unaudited fourth quarter results for the period ended 31 December 2022 |
| 6 March 2023 | Unaudited forecast and budget for the financial year 2023 and 2024 |
| 22 May 2023 | Unaudited first quarter results for the period ended 31 March 2023 |

The review of the unaudited quarterly financial results is to ensure the disclosures are in compliance with Malaysia Financial Reporting Standards and applicable disclosure provisions of the Listing Requirements of Bursa Securities.

The AGC review of the audited financial statements of the Company and of the Group encompassed the financial position and performance for the year and ensured that it complied with all disclosure and regulatory requirements prior to recommending the statements to the Board for approval.

# AUDIT COMMITTEE REPORT
(CONTINUED)

Significant matters that were highlighted by the external auditors in the financial statements and noteworthy judgments made by the Management were also reviewed and discussed during the AGC meetings. Some of the significant matters that were discussed during the financial year were in relation to PN17 status and insurance contract liabilities.

**External Audit**

- Reviewed the audit scope, audit strategy, audit plan and audit report issued for the financial year.
- Assessed the objectivity and independence of the external auditors for the engagement period although a written assurance was also provided by them on their independence.
- The AGC had five (5) private sessions with the External Auditors i.e. on 25 August 2022, 20 October 2022, 22 November 2022, 23 February 2023 and 22 May 2023 to discuss the audit plan, audit findings, financial statements and other matters that required the Board's attention;
- Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board on their appointment and audit fees. The assessment was made based on the criterion specified in the Group's assessment policy for the appointment/reappointment of an external auditor. Amongst the qualifying conditions applied during the said exercise was the level of knowledge the auditors brought to the assignment, capabilities, experience, output quality, their ability to provide constructive observations and recommendations in areas which required improvement and lastly, the effectiveness in planning and conducting the audit exercise; and
- Reviewed major audit findings raised and management's response, including the implementation status of previous audit recommendations.

**Key Audit Matters ("KAM")**

- The International Standards on Auditing for KAM (ISA701) comes into effect for audit reports and financial statements for financial years ending on or after 31 December 2016. This standard requires a section to be included in the Independent Auditor's Report to highlight those matters that, in the Auditor's professional judgment, were deemed most significant during the course of the audit.
- The AGC has proactively engaged in active discussions with the external auditors for a better understanding of the Group's role in providing the required information needs in order to ensure compliance and a smooth transition process. The AGC also ensured that mechanisms were put in place especially with regard to mutually agreed timelines so that full co-operation was extended by the operating entity in the Philippines (who have a different External Auditor) to assist KPMG Malaysia ("KPMG"), the Company's external auditors in completing this assessment in a timely and effective manner. Issues under KAM are reported in the Independent Auditor's Report of this Annual Report.

**Internal Audit**

- Reviewed the annual audit plan for adequacy of scope and coverage of the key activities of the Group. Audit areas were discussed together with the audit procedures. Risks affecting the audit areas determined the frequency of audit coverage. The annual audit plan was approved for adoption following this review;
- Reviewed the internal audit reports, audit recommendations and management's responses to the same and actions taken to improve the system of internal controls and procedures. Internal audit reports in the financial year covered both the functions of the Company and its subsidiaries;
- Monitored the implementation of the audit recommendations to ensure all key risks and controls have been addressed; and
- Reviewed the Statement on Risk Management and Internal Control to confirm that it is consistent with their understanding of the state of internal controls of the Group and recommended the same to the Board for inclusion in the Annual Report.

# AUDIT COMMITTEE REPORT
(CONTINUED)

## AUDIT & RISK

The AGC is supported by Financial Services Department ("FSD") which collaborates with the outsourced service providers in discharging the internal audit role for the Group and its principal operating subsidiaries.

In order to strengthen the controls within the Group, Deloitte Risk Advisory Sdn Bhd ("Deloitte") has been engaged to carry out the internal audit and risk management assessment for the Group and its subsidiaries. The appointed service provider is required to apply the International Professional Practices Framework adopted by the Institute of Internal Auditors ("IIA") assisting the Board, AGC and Senior Management by providing an independent and objective assurance/assessment on the adequacy and effectiveness of the internal control system, risk management procedures and governance processes. The audit scope covers the operational, financial and compliance of the Group and its subsidiaries. A risk-based audit plan which includes risk rating indicators is presented to AGC for approval. The results of the audits will be reported to the AGC every quarter to highlight control issues with risk exposures and the effectiveness of the existing mitigating measures.

Deloitte's engaging partner i.e Muzafar Kamal is experienced in Financial Audit Review, Internal Audit Review, Risk Identification and Assessment, Enterprise Risk Management and Corporate Governance Review. He has been trained in Internal Audit Methodologies for business processes and is actively involved in high-level COSO-based reviews of internal control systems and risk-based internal auditing projects which enables him to identify risks and establish an internal control structure which covers the roles and functions and scope of work to assist the Audit Committees and Board of Directors of numerous public listed companies to discharge their responsibilities in relation to ensuring good systems of internal controls.

The total cost incurred for internal audit function for FYE 30 June 2023 was RM71,000 compared to RM329,000 in FPE 30 June 2022. The fee is inclusive of both internal audit work performed by Deloitte Malaysia for the Group and its subsidiaries.

The following audit review was conducted throughout FYE 30 June 2023:

| Company | Audit Scope | Areas highlighted |
|---|---|---|
| MAA Group Berhad | Succession Planning Framework | Establishment of Succession Planning Framework |
| Trinidad Cigar Company Sdn Bhd | Procurement to Payment Management | Formal Procurement Process for Non-Trade Purchases, Vendor Performance Evaluation |
| Trinidad Signatures Suites Sdn Bhd (Ramada KLCC) | Cost of Goods Sold and Services | Vendor Performance and Evaluation |
| Imperium Edumaax Sdn Bhd (Imperium International College) | Human Resource and Payroll Management | Recruitment Process, Insurance Coverage, Enhancement on Training and Enhancement of Standard Operating Procedure |
| St John's International Edu Group Sdn Bhd | Human Resource and Payroll Management | Termination Process, Standard Operating Procedure |
| Trisend Logistics Technologies Sdn Bhd | Capital Expenditure Management | Third parties sourcing, evaluation and appointment process, monitoring of Projects Status |
| 10Star Cinemas Sdn Bhd | Review of Compliance Management | Enhancement to Compliance Check Documentation |

Management has taken the necessary steps to address all recommendations provided by the auditors. Follow-up audit were also conducted in November 2022.

Internal audit reports were tabled to the AGC in respect of the above mentioned entities. Management had also taken note and responded on all comments made during the meeting pertaining to the issues highlighted by the auditors.

# SUSTAINABILITY STATEMENT

## INTRODUCTION

MAA Group Berhad ("MAAG") is pleased to present our Sustainability Statement. Recognizing the ever-increasing relevance of sustainability in our business value, our statement aims to make the three pillars of Economic, Environmental and Social ("EES") concerns key parts of our business operations. The disclosures include MAAG head office operations, the Education sectors which consists of Imperium International College ("IIC"), St John International School ("SJIS"), Kasturi Academy ("Kasturi"), the Hospitality sector under the H360 Group of Companies and finally, the Insurance sector involving of MAA General Assurance Philippines, Ltd ("MAAGAP").

At MAAG, we are not merely focusing our efforts to improve the financial performance of our businesses but also, to integrate sustainable practices such as environmental conservation and social welfare into the heart of our business decisions.

As a business, our commitment to continue providing favourable returns to our shareholders and investors is of great importance to MAAG. This quest for financial success however, must not take precedence over our concerns regarding any negative impact this may have on the environment, as well as our contribution to the socioeconomic welfare of the communities that MAAG operate in. Our pursuit of this balance is distinctly shown through the sustainable strategies we have carefully mapped out and implemented.

## FRAMEWORK

This statement is prepared with reference to the Bursa Malaysia Securities Berhad Main Market Listing Requirements, with reference to Bursa Malaysia Sustainability Reporting Guide and the Global Reporting Initiative ("GRI") Standards. On 26 September 2022, Bursa revised the Sustainability Framework to strengthen the quality of disclosure for stakeholders. The enhanced framework requires all listed companies to report on 9 Common Sustainability Matters for those financial reporting falls on or after 31 December 2023, and to include the remaining 2 Common Sustainability i.e Waste and Emission Management to be disclosed for reports issued on or after 31 December 2024.

## OUR REPORTING APPROACH

This Sustainability Statement is structured into four (4) sections. The first section gives an overview of our reporting approach, scope and boundaries and the sustainability governance. The second section sets out the stakeholder engagement in deriving the material concerns while the third section records the process that we have undertaken to identify and prioritise the material matters. The fourth section reports on MAAG's practices and performance in managing the material sustainability matters.

MAAG's Sustainability Statement has been prepared with reference to the latest Global Reporting Initiative ("GRI") Standards and follows the GRI Standards Reporting Principles for defining reporting content, which include:

- Stakeholder Inclusiveness; capturing our stakeholder's expectations and concerns;
- Sustainability Context; presenting our performance in the wider context of sustainability;
- Materiality; identifying and prioritising the key sustainability issues that our Group encounters; and
- Completeness; reporting all sustainability topics that are relevant to our Group and influence our stakeholders.

We have also included the 9 Common Sustainability Matters that are deemed material and applicable for all listed issuers as per required by Bursa Malaysia as a common set of prescribed sustainability matters and indicators.

## SCOPE AND BOUNDARIES

The Group identifies the sustainability practices and progress of the Group, including our Malaysian and Philippines based subsidiaries, unless otherwise stated. The reporting will cover the period for FYE 30 June 2023.

References to 'MAAG', 'the Company', 'the Group', 'the Organisation', 'our' and 'we' refer to MAA Group Berhad and relevant subsidiaries.

References to 'MAAGAP' refer to our subsidiary, MAA General Assurance Philippines Inc.

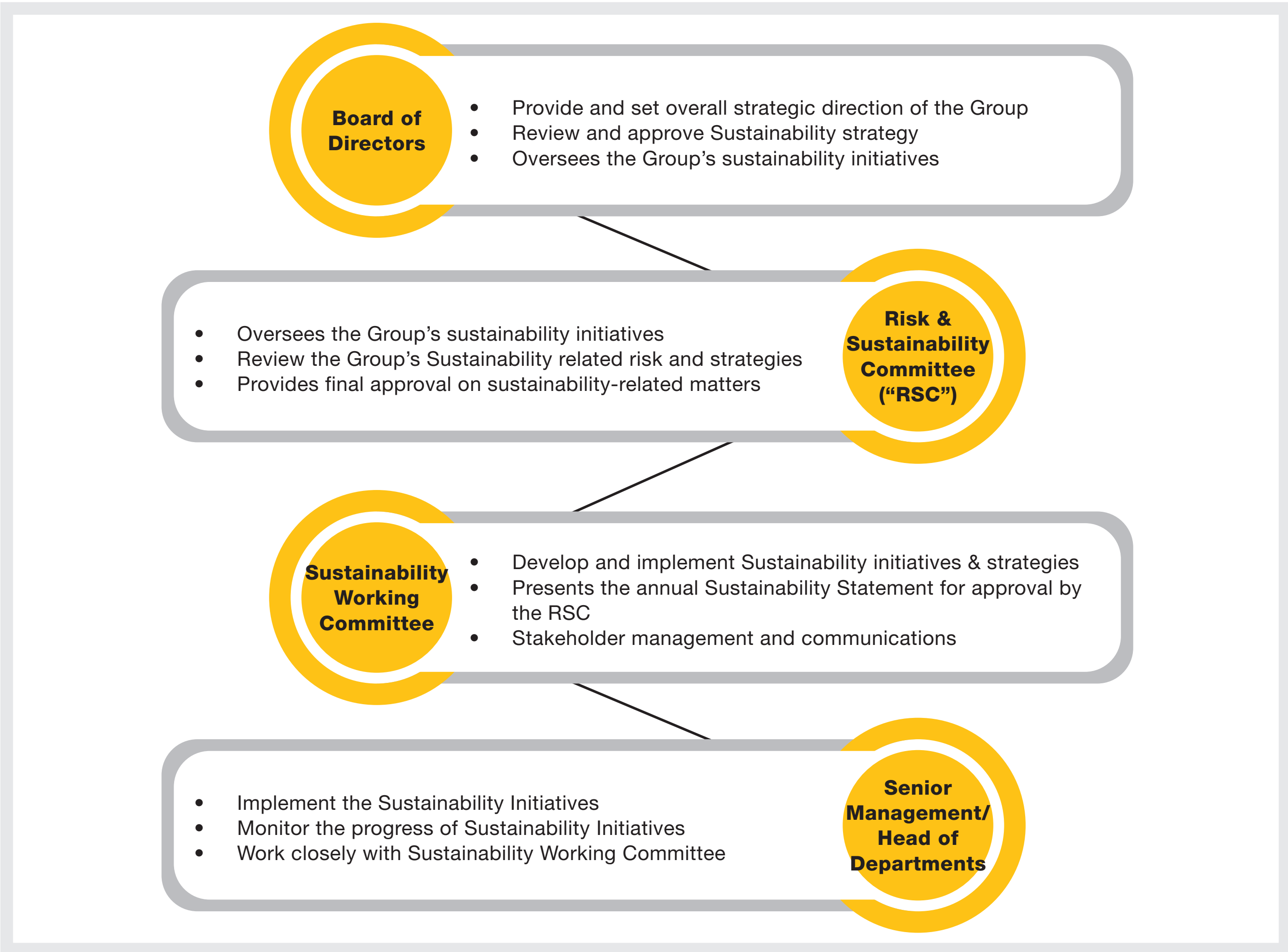
# SUSTAINABILITY STATEMENT
(CONTINUED)

## OUR SUSTAINABLE GOVERNANCE

The responsibility to promote sustainability in MAAG's business strategies lies with the Board of Directors. To be in line with Recommendation 1.4 of the Malaysia Code on Corporate Governance 2012, we have incorporated our sustainability agenda under the Risk & Sustainability Committee ("RSC").

The RSC is responsible for managing and reviewing the Group's sustainability strategy and communicating relevant concerns to the Board. The RSC ensures that the Group's best practices and disclosures on sustainability are made in accordance with the required standards.

MAAG's sustainability governance structure is as follows:




## FEEDBACK

Our statement is incorporated in the Company's Annual Report, which can be accessed via https://www.maa.my. Should you have any input or feedback on our Sustainability Statement, please direct your correspondence to:

Name : Anand Kanagasingam
Email : anand@maa.my
Telephone : +603 6256 8000
Address : MAA Group Berhad
13th Floor, No. 566, Jalan Ipoh
51200 Kuala Lumpur, Malaysia

# SUSTAINABILITY STATEMENT
(CONTINUED)

## STAKEHOLDER ENGAGEMENT

MAAG places great emphasis on understanding the needs and concerns of our stakeholders. We are committed to providing shareholders, regulators and employees with comprehensive, accurate and timely disclosure of information relating to the Group. Our stakeholders have been segmented into seven key groups, allowing us to ascertain the needs and requirements of each segment.

The table below illustrates our current methodology:-

**Table 1: Stakeholder Engagement Table**

| Stakeholder Group | Mode of Engagement | Frequency of Engagement | Concerns Raised |
|---|---|---|---|
| Shareholders<br>Investors | Annual General Meeting<br>Annual Report<br>Quarter Financial Report<br>Analyst Briefing<br>Extraordinary General Meeting<br>Shareholder Communication<br>Announcement on Bursa Malaysia and Corporate Website | Annually<br>Annually<br>Quarterly<br>As and when needed<br>As and when needed<br>As and when needed<br>As and when needed | Economic Performance<br>Corporate Governance |
| Employees | Annual Performance Appraisal<br>Briefings and Trainings<br>Event, Celebrations and Sporting Activities<br>Management, Operational and Committee Meetings | Annually<br>Periodic<br>Periodic<br>As and when needed,<br>Monthly and periodic | Economic Performance<br>Career Progression<br>Fair Benefits<br>Business Integrity |
| Customers | Feedback Channels such as Emails, Phone Calls and<br>Hotlines<br>Website and Social Media<br>Product Launches and Roadshows<br>Marketing and Promotional Programmes and Events | As and when needed<br>As and when needed<br>As and when needed<br>As and when needed<br>As and when needed | Product Delivery<br>Customer Privacy,<br>Health & Safety<br>Environmental<br>Performance |
| Government<br>Regulators | Income Tax Filing<br>Annual Return<br>Official Meetings and Visits<br>Industry Events and Seminars | Annually<br>Annually<br>As and when needed<br>As and when needed | Regulatory Compliance<br>Occupation & Customer<br>Health & Safety |
| Suppliers<br>Contractors | Product Launches and Roadshows<br>Meetings and Site Visits<br>Supplier Assessment System<br>Briefings and Trainings | As and when needed<br>As and when needed<br>As and when needed<br>As and when needed | Business Integrity<br>Ethical Procurement<br>Employment Conditions |
| Local<br>Communities | Community Outreach and Development Programmes<br>Strategic Partnerships<br>Charitable Contributions<br>Website and Social Media | Periodic<br>Upon Mutual Agreement<br>As and when needed<br>As and when needed | Community Outreach<br>Employment |
| Media | Press Releases<br>Site Visits<br>Interviews<br>Events<br>Website and Social Media | As and when needed<br>As and when needed<br>As and when needed<br>As and when needed<br>As and when needed | Regulatory Compliance<br>CSR Initiatives |

Our corporate website, www.maa.my provides reliable information on our business activities as well as financial information, including our annual report. Information in our website is updated regularly, as part of our commitment to provide current and accurate information to all our stakeholders as well as the public at large.

# SUSTAINABILITY STATEMENT
(CONTINUED)

## MATERIALITY MATRIX

Effectively identifying material sustainability concerns for our organisation is crucial to ensure that our report reflects the topics most relevant to us. With the inclusion of both the Hospitality sector and the Education Sector to MAAG Group, we have re-evaluated our material sustainability and a total of ten (10) Material Sustainability Matters have been identified, of which four (4) from the previous reporting period remained equally relevant to our business operations and stakeholders. These Material Sustainability Matters were identified as they reflect the Group's significant economic, environmental and social impacts. We have also included 9 Common Sustainability Matters which is part of Bursa Malaysia enhanced sustainability reporting requirements for public listed companies.

The material topics for MAAG were determined through a stakeholder engagement workshop; during which, due consideration was given to the concerns identified from the survey responses in the Stakeholder Engagement Table 1.

The materiality matrix is determined through ranking the concerns and topics by importance on a scale of low-to-high measuring the economic, environmental, and social ("EES") impact of our business activities then marked accordingly by the weight of importance placed by our stakeholders.

The key issues prioritised and determined are as follows:

**Common Sustainability Matters**

1) Anti-Corruption
2) Community/Society
3) Diversity
4) Energy Management
5) Health & Safety
6) Labour Practice & Standards
7) Supply Chain Management
8) Data Privacy & Security
9) Water

**Material Sustainability Matters**

1) Economic Performance (GRI 201-1)
2) Communication and training about anti-corruption policies and procedures (GRI 205-2)
3) Confirmed incidents of corruption and actions taken (GRI 205-3)
4) Energy consumption within the organization (GRI 302-1)
5) Reduction of energy consumption (GRI 302-4)
6) New employee hires and employee turnover (GRI 401-1)
7) Average hours of training per year per employee (GRI 404-1)
8) Programs for upgrading employee skills and transition assistance program (GRI 404-2)
9) Percentage of employees receiving regular performance and career development reviews (GRI 404-3)
10) Non-compliance with laws and regulations in the social and economic area (GRI 419-1)

## Common Sustainability Matters: Anti-Corruption

MAAG strives to undertake all our business operations with integrity. This is a critical issue to any successful company as we seek to ensure stakeholders' confidence in the management of the business as well as ensuring our reputation remains unblemished in the public eye. Corruption and fraudulent practices are some of the main causes of inefficiency for any business. These actions can result in serious ramifications; from criminal sanctions, to the halting of further business activities, as well as reputational damage in the areas we operate. At MAAG, we have undertaken rigorous measures in order to avoid corruption at any level. We will continue to remain vigilant in upholding any and all applicable local and international laws that apply to our business.

At MAAG, we have established an anti-fraud framework, Enterprise Risk Management ("ERM") mechanism and whistle-blowing policy that govern all our subsidiaries. Operations that cross over from Malaysian boundaries are subjected to additional international regulations which are fully complied with. To ensure that corrupt practices are discouraged, MAAG conducts training on relevant procedures dealing with corrupt practices.

In line with the requirement under 15.29 of the Listing Requirements of Bursa Malaysia Securities, Berhad ("Bursa Securities"), the company has established the Anti-Corruption Policy, guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 by the Prime Minister Department on 4 December 2018, of which, management and employees must adhere to.

# SUSTAINABILITY STATEMENT
(CONTINUED)

All employees and every level of management, including the Board of Directors are also required to attend the compulsory training for Anti- Corruption. Future employees will attend the same. The company's latest Anti-Corruption Policy can be viewed here; https://www.maa.my/maa/maagroup/index.php?anti-corruption-policy.

The Compliance division manages the implementation of all internal training and reporting processes to the management and Board of Directors. Any incident related to financial corruption will be under the purview of our external auditors, while on an operational level, our internal audit processes are in place to ensure any wrongdoing is properly dealt with.

Training provided to employees on anti-corruption and bribery practices is summarised below:

| | Period/No. of Participants by employee category | | | |
|---|---|---|---|---|
| | July 2022 - June 2023 | | | |
| **Anti-Corruption Training** | **Senior Management (%)** | **Middle Management (%)** | **Executive (%)** | **Non-Executive (%)** |
| 1) Introduction Course | 1 | 24 | 36 | 39 |
| 2) Refresher Course | 6 | 19 | 41 | 34 |

During this reporting period, no cases relating to confirmed incidents of corruption, dismissal of employees due to corruption, termination of business contracts due to corruption or public legal cases against the Company related to corruption were discovered or reported.

## Common Sustainability Matters: Community/Society

We recognise the importance of creating sustainable communities where our business operates. We understand that our actions have the potential to impact local communities and the environment, and we are committed to minimizing any negative impact and maximizing positive outcomes.

To achieve this, we engage with local communities to better understand their needs, and we conduct impact assessments to identify and address any potential negative impacts that our operations may have. We also develop programs that promote community development and improve the well-being of residents. Our aim is to foster long-term relationships with local communities based on mutual respect, trust, and collaboration.

We recognise that our operations have the potential to negatively impact local communities, and we take this responsibility seriously. We work to minimise any negative impacts by implementing robust environmental and social impact assessments and developing strategies to mitigate these impacts. We also work with our suppliers and other stakeholders to ensure that they adhere to our sustainability standards and commitments.

Our commitment to sustainability extends beyond our operations to the wider community. We actively support and participate in community development initiatives, including education, health, and infrastructure projects, to help build resilient and sustainable communities. We also prioritize the recruitment of local talent and work to build the capacity of local businesses and suppliers, contributing to economic growth and job creation.

Overall, at MAAG, we believe that our long-term success is closely linked to the well-being of the communities where we operate. We are committed to creating sustainable communities by engaging with local stakeholders, minimising negative impacts, and maximising positive outcomes through our operations and community development initiatives.

Contribution to the communities are summarised as per below:

| **Total amount invested in the communities** | **RM** |
|---|---|
| Budimas Home Charity Fund | 2,669,652.00 |
| Budimas Children Food Financial | 2,475,125.00 |
| Budimas Children Education | 2,127,777.00 |
| **Total** | **7,272,554.00** |

| **Total number of beneficiaries of the investment in communities** | **Pax** |
|---|---|
| Homes | 1,995 |
| Schools | 5,366 |
| Education (scholarship and libraries for orang asli) | 2,026 |
| **Total** | **9,387** |

# SUSTAINABILITY STATEMENT
(CONTINUED)

## Common Sustainability Matters: Diversity

We believe that diversity and inclusion are essential to our long-term success. We recognise that a diverse and inclusive workplace not only benefits our employees but also drives innovation, fosters creativity, and improves our ability to connect with and serve our customers.

We are committed to creating a workplace culture that values and respects differences in gender, ethnicity, age, disability, and other factors. We believe that diversity in our governance bodies and employees is critical to our success, and we are committed to building a diverse and inclusive workforce.

We are committed to promoting gender equality and addressing any gender pay gaps within our organisation. We regularly review our pay policies to ensure that they are fair and equitable. We also prioritise gender diversity in our recruitment and promotion processes and support women's career development and leadership programs.

We understand that diversity and inclusion require ongoing commitment and effort, and we are committed to continuous improvement. We regularly review our policies and practices to ensure that they align with our values and promote diversity and inclusion in all aspects of our operations.

Overall, at MAAG, we believe that diversity and inclusion are essential to our success and our ability to make a positive impact on society. We are committed to creating a diverse and inclusive workplace and promoting gender equality in our organisation. We will continue to work towards creating a workplace culture that values and respects differences and fosters innovation and creativity.

**Percentage by Gender:**

| | Period: July 2022 - June 2023 | |
|---|---|---|
| **Employee Category** | **Male (%)** | **Female (%)** |
| Board of Directors | 80 | 20 |
| Senior Management | 85 | 15 |
| Middle Management | 48 | 52 |
| Executive | 37 | 63 |
| Non-Executive | 63 | 37 |

**Percentage by Age Group:**

| | Period: July 2022 - June 2023 | | |
|---|---|---|---|
| **Employee Category** | **Under 30 years old (%)** | **30 - 50 years old (%)** | **Over 50 years old (%)** |
| Board of Directors | - | - | 100 |
| Senior Management | - | 52 | 48 |
| Middle Management | 11 | 64 | 25 |
| Executive | 46 | 49 | 5 |
| Non-Executive | 57 | 36 | 7 |

# SUSTAINABILITY STATEMENT
(CONTINUED)

## Common Sustainability Matters: Energy Management

The hotel industry constitutes one of the most energy intensive branches of the tourist industry. Air-conditioning, ventilation and cooling systems typically account for a major, and frequently the largest, portion of the energy consumed in a hotel. Other significant end-uses include hot water production, lighting, elevators and escalators.

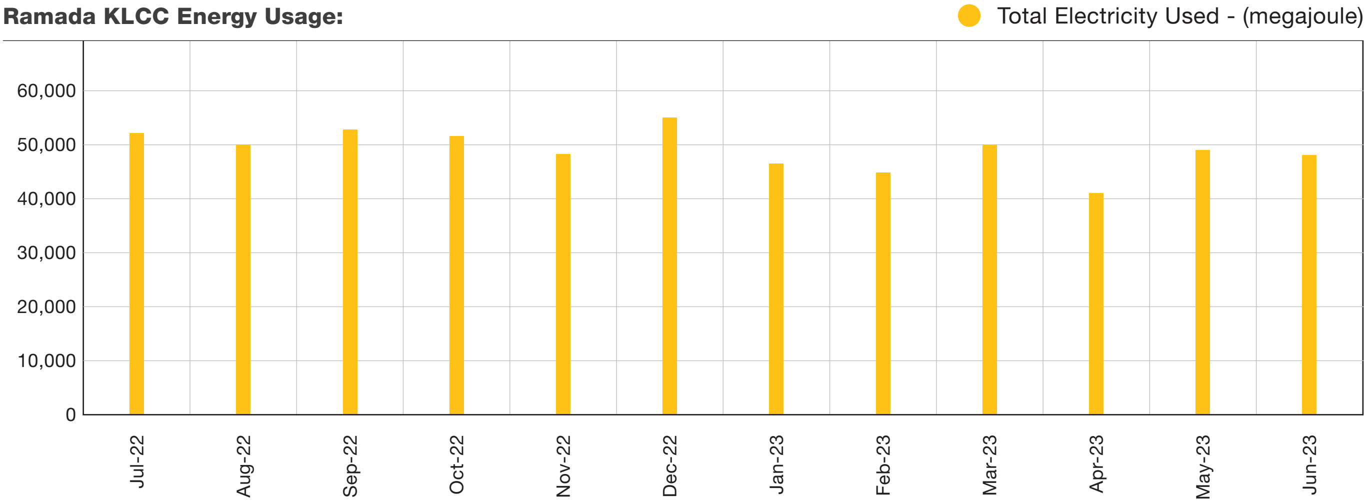
The Hospitality Sector under the H360 Group which manages the Ramada KLCC and Shahzan Hotel, Kuantan are pioneering the energy conservation efforts within the Group.

Below are the energy conservation measures implemented at the hotels:

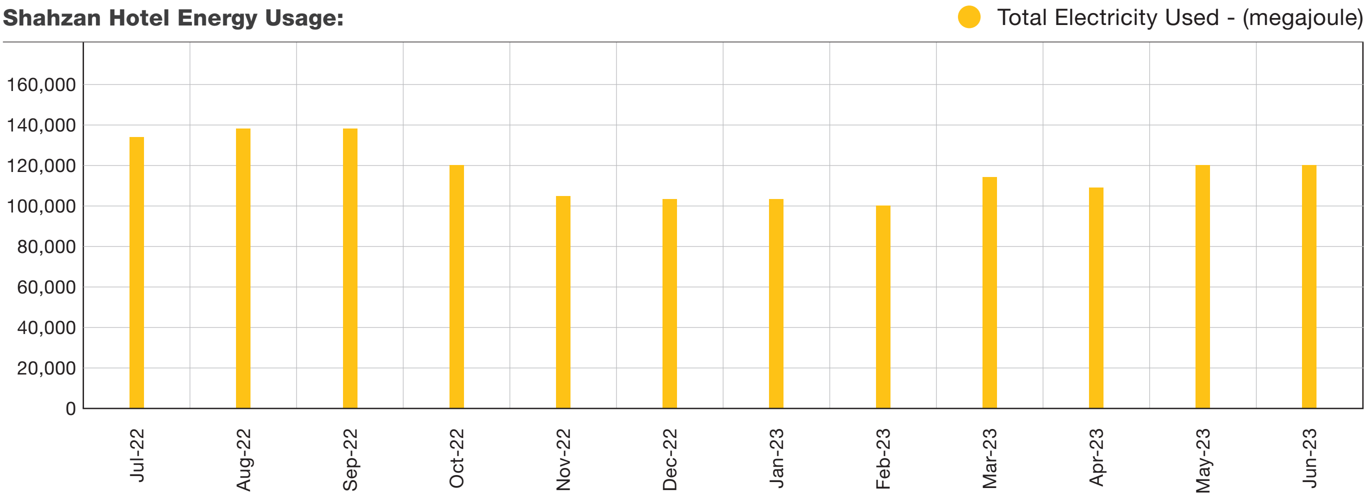
1) Energy saving auto-switch in all guest rooms where electricity is only activated by the room's key card
2) Use of energy saving light bulbs in all guest rooms and common corridors
3) Deactivation of air-conditioning in common corridors throughout the day
4) All timer programmed to run intermittently to avoid power surge
5) Disconnect main power supply and appliances for closed floors
6) Exhaust fans in guest bathrooms are equipped with timer
7) Corridor lighting for guest rooms is on timers
8) Swimming pool pump controlled with timer

These efforts above have been implemented since 2019 for Ramada KLCC and 2020 for Shahzan Hotel; both properties have been utilising energy efficient solutions and practices to prevent waste and lessen the impact on the environment.

**Ramada KLCC Energy Usage:**




**Shahzan Hotel Energy Usage:**



# SUSTAINABILITY STATEMENT
(CONTINUED)

## Common Sustainability Matters: Health & Safety

At MAAG, we are committed to maintaining a safe and healthy workplace for all our employees, contractors, and visitors. We recognise that a strong health and safety culture is critical to the well-being of our workforce and the success of our business. As such, we adhere to the Global Reporting Initiative (GRI) standards, particularly GRI 403, to ensure we effectively manage health and safety risks and continuously improve our performance in this area.

As part of our commitment to health and safety, we regularly review and update our policies and procedures to reflect current best practices and comply with relevant legislation. We recognise that our success in managing health and safety risks is not just important for our employees and business but also for the broader community. As such, we engage with stakeholders to understand their expectations and concerns and to ensure that we are effectively managing any potential risks to their health and safety.

In summary, we are committed to maintaining a strong health and safety culture, where employees are involved in managing risks, and we continuously monitor and improve our performance. Our commitment to health and safety is not only crucial to our workforce and business success, but it is also critical to the well-being of our stakeholders and the broader community. Hence, in the near future we are also planning to engage health and safety experts to provide talks and training to all our staff.

| No. of work related fatalities | Lost time incident Rate |
|---|---|
| Number of cases<br>0 | Number of cases<br>0 |
| 1 Jul 2022- 30 Jun 2023 | 1 Jul 2022- 30 Jun 2023 |

## Common Sustainability Matters: Labour Practices & Standards

We believe in fair and ethical labour practices that prioritise the well-being of our employees. We understand that our workers are the backbone of our business, and we are committed to providing them with a safe and supportive work environment.

In line with GRI 402, we ensure that our employees are given adequate notice periods regarding operational changes. We believe that this is an important aspect of respecting our employees' rights and giving them time to prepare for any changes that may impact their work or livelihoods.

We regularly review our labour practices to ensure that we are meeting the highest standards of fairness and transparency. This includes providing competitive compensation packages and benefits, implementing measures to prevent discrimination and harassment, and fostering a culture of diversity and inclusivity.

We are committed to upholding our responsibilities towards our employees and will continue to engage with them to ensure that their voices are heard, and their needs are met. We also strive to work closely with our stakeholders to identify and address any labour-related issues that may arise, and to find mutually beneficial solutions that promote sustainable and responsible business practices.

We believe that a responsible approach to labour practices and standards is critical to our long-term success as a company, as well as to the broader communities in which we operate. We are committed to making continuous improvements in this area and to working collaboratively with our stakeholders to create positive social and economic impact. We did not receive any complaints concerning human rights violations during this reporting period.

# SUSTAINABILITY STATEMENT
(CONTINUED)

**Total Number of Training Hours:**

| Employee Category | Period: July 2022 - June 2023 |
|---|---|
| | Training hours |
| Senior Management | 187 |
| Middle Management | 965 |
| Executive | 2,568 |
| Non-Executive | 1,219 |

**Total Number of New Staff vs Resigned:**

| Employee Category | Period: July 2022 - June 2023 | |
|---|---|---|
| | New staff | Resigned |
| Senior Management | 5 | 7 |
| Middle Management | 44 | 70 |
| Executive | 155 | 160 |
| Non-Executive | 191 | 158 |

## Common Sustainability Matters: Supply Chain Management

We recognise that our supply chain plays a critical role in achieving our sustainability goals. As such, we have implemented measures to ensure that our local suppliers align with our values and commitment to sustainability.

In accordance with GRI 414, we screen all new suppliers carefully to ensure they meet our standards for labour practices, human rights, and environmental management. By doing so, we aim to reduce any negative social impacts in our supply chain and promote sustainable business practices throughout our network.

In instances where negative social impacts are identified, we take immediate action to address the issue. This includes working with our local suppliers to implement corrective actions, offering guidance and support, and providing resources to help them improve their practices. Additionally, we work closely with our suppliers to identify areas for improvement and encourage them to adopt sustainable practices.

We believe that by engaging with our local suppliers and working together, we can make a positive impact on the communities in which we operate. We strive to build strong, long-term relationships with our suppliers based on trust, transparency, and a shared commitment to sustainability.

Our efforts in supply chain management align with our broader sustainability goals and support our mission to create value for all stakeholders. We are committed to continuously improving our practices and to be a leader in responsible supply chain management.

In conclusion, at MAAG, we are committed to working with our local suppliers to ensure they meet our sustainability standards and to minimise any negative social impacts in our supply chain. We believe that by doing so, we can build a more sustainable and equitable future for all.

# SUSTAINABILITY STATEMENT
(CONTINUED)

## Common Sustainability Matters: Data Privacy & Security

We are committed to upholding the highest standards of data privacy and security for our customers. We understand the importance of protecting personal information and strive to ensure that all sensitive data is safeguarded against unauthorized access, use, or disclosure.

As part of our commitment to sustainability, we adhere to the Global Reporting Initiative (GRI) standard 418-1 which requires us to report on substantiated complaints concerning breaches of customer privacy and losses of customer data. Any complaints that are received are taken seriously, thoroughly investigated, and appropriate actions are taken to address any concerns and prevent future incidents.

To further strengthen our data privacy and security practices, we have implemented a range of measures to protect customer information. This includes regular security assessments and updates to our systems, as well as strict access controls and monitoring of data usage. We also conduct regular training for all employees to ensure that they are aware of our policies and procedures and understand their role in safeguarding customer data. MAAG fully complied with the requirements as laid down by the Personal Data Protection Act 2010 (Act 709).

Overall, we are committed to continuously improving our data privacy and security practices to meet the evolving needs and expectations of our stakeholders. By adhering to the GRI standards and reporting on our progress, we aim to provide transparency and accountability in our sustainability efforts and contribute to a more sustainable future for all.

During the reporting period for FYE 30 June 2023, we did not receive any complaints concerning breaches of customer privacy and losses of customer data.

## Common Sustainability Matters: Water

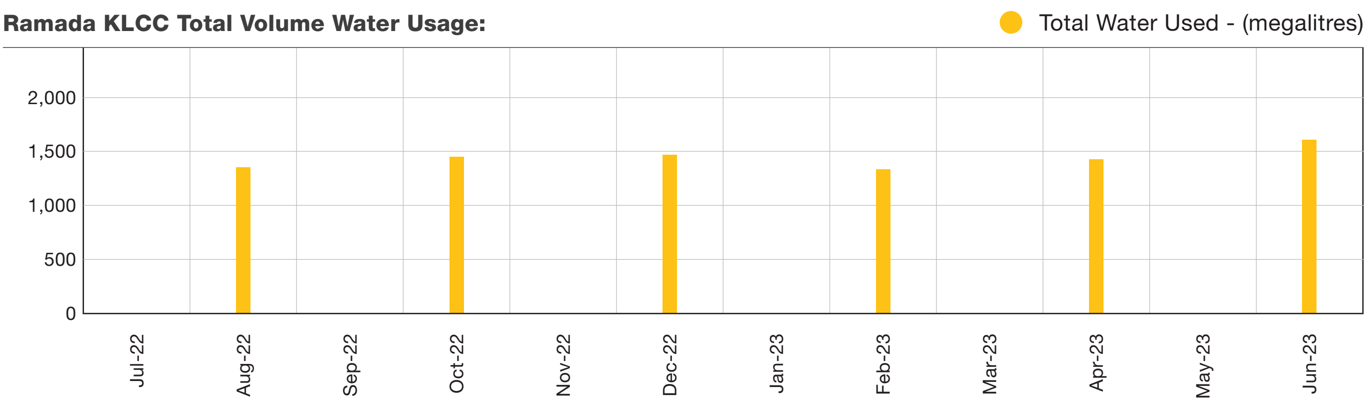
As a public listed company in Malaysia, we recognise our role in promoting sustainable development and ensuring the long-term health of our planet. Our commitment to sustainability is grounded in the belief that business success should not come at the expense of the environment, society, or future generations. We strive to operate in a responsible and sustainable manner across all aspects of our business, including our use of water resources.

We are committed to measuring, monitoring, and reporting on our water usage and impacts, in line with the Global Reporting Initiative (GRI) standards. We recognise that water is a finite resource and essential to many aspects of human life and economic activity, including our own operations. As such, we are dedicated to ensuring that our water usage is responsible and sustainable, and that we minimise our impacts on water resources wherever possible.

Overall, our commitment to water sustainability is a critical component of our broader sustainability strategy. We recognise the importance of responsible water usage and the vital role that water plays in sustaining life and supporting economic activity. We are committed to measuring, monitoring, and reporting on our water usage and impacts, and to continuously improving our water management practices and ensuring a sustainable future for all.

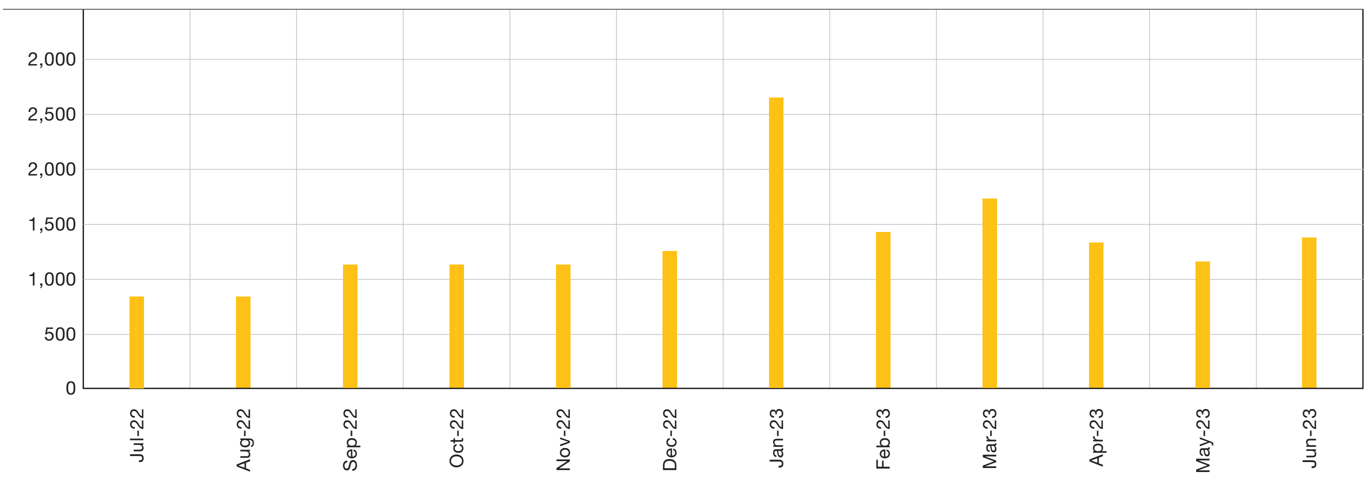
**Total volume of water used:**

**Ramada KLCC Total Volume Water Usage:**



# SUSTAINABILITY STATEMENT
(CONTINUED)

**Shahzan Hotel Water Usage:**




## Material Sustainability Matters: Economic Performance

A sound economic strategy is key to guaranteeing our Group's profit, operational cash flow, and dividend distribution is not only maintained but will grow sustainably. Stable economic performance is a key target for MAAG in order to display a favourable business representation, an important factor to sustain as the Group looks to acquire new businesses that align with the Group's vision, allowing us to expand our reach as well as steer ourselves back to the regularised main market listing.

MAAG's economic performance is guided by a long-term value creation approach. We prioritise sustainable growth that considers not only short-term financial gains but also the broader impacts on society, the environment, and the well-being of all stakeholders.

In the last quarter of 2019 and 2020, the Group has strengthened its presence in the education industry by acquiring Imperium International College (formerly known as HELP College of Arts and Technology Sdn Bhd), Scholastic IB International Sdn Bhd, but also in the hospitality industry, by acquiring H360 Group respectively. Our operations are now able to generate more employment opportunities, both directly and indirectly, stimulating economic growth and enhancing local livelihoods. Additionally, we also engage with local suppliers and service providers, fostering economic partnerships that benefit communities.

In order to ensure that our Group's economic performance is optimally managed, we are guided by the Group-wide Standard Operating Procedures ("SOPs") on the Budget Process, which is managed by the Group Finance Department. We monitor our Group's financial performance on a monthly basis for all major subsidiaries and compare our budgets against the data provided on a quarterly basis. In order to best achieve the Group financial targets, we have invested heavily in our human capital through training initiatives. To further strengthen the infrastructure of the Group's financial management, we also engage external auditors for regular financial audits, undergo internal audit for business operations and engage risk management advisory for the Group.

## Material Sustainability Matters: Employment

For MAAG, it is crucial that we strive to be a fair and equitable employer that genuinely cares for the growth and future of our employees. Their performance, commitment and loyalty to the job are critical not only in achieving the company's goal and objectives, but more importantly, for our long-term survival and sustainability.

The employment process at MAAG is managed by our Group Human Resources ("GHR") Department, with the Head of GHR reporting directly to the Executive Chairman. Crucial and important details are reported to the Remuneration and Nomination Committee ("RNC"); made up of members of the Board of Directors. GHR prepares a comprehensive report detailing the turnover rate for the NRC annually.

HR Policies are developed and managed at Group level through our Handbook and Internal Control Procedures ("ICPs"). Our policies are reviewed annually by GHR with the support of all departments. Individual employee performance is evaluated through their annual KPIs. We encourage all our employees to consult GHR to have a more in-depth understanding of their KPIs, GHR policies and ICPs.

In enhancing learning and retention of local talents, it is our practice to offer practical training to undergraduates who are required to fulfill their training requirements. On the job training provides opportunities for trainees to gain insight of our corporate culture, our processes and our operations.

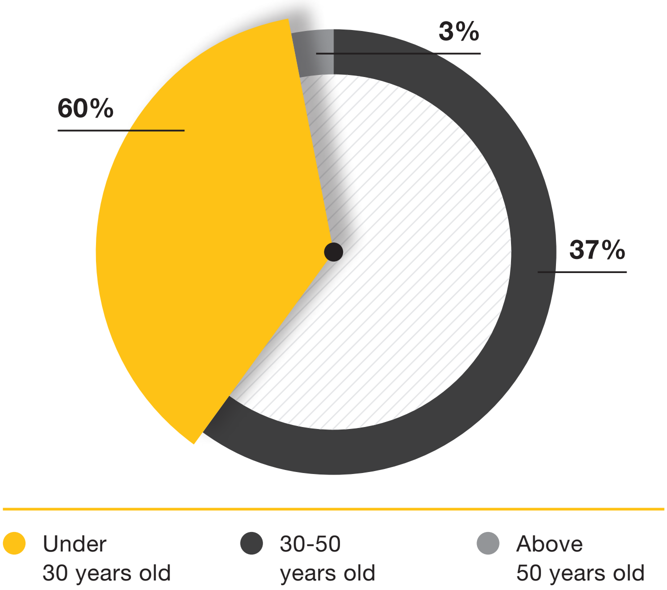
We are constantly nurturing the skills and knowledge of our employees. Staff are encouraged to participate in in-house or external training to enhance their skills and productivities. Our Company education sector under Imperium International College, offers various training Programmes approved by HRDF for staff participation.

# SUSTAINABILITY STATEMENT
(CONTINUED)

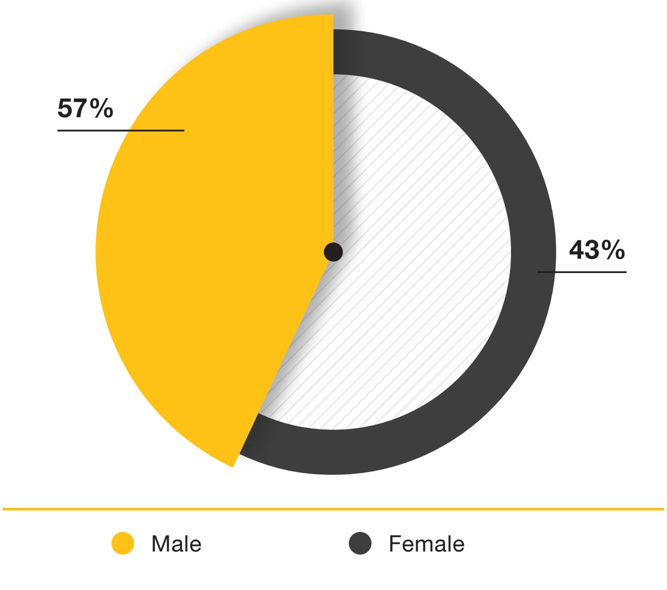
Staff performance is guided by the Company's Performance Evaluation and Key Performance Indicator ("KPI"). These are carried out on yearly basis. Staff evaluation is done on two (2) parts i.e. work performance and personal attributes. The performance evaluation is performed for all staff annually. At MAAG, we believe staff performance evaluation is key in achieving the management responsibility of guiding employees towards success that adds to the success of the business.

**New Employee by Age Group and Gender:**

**New Hire - Age Group**
Period: July 2022 - June 2023

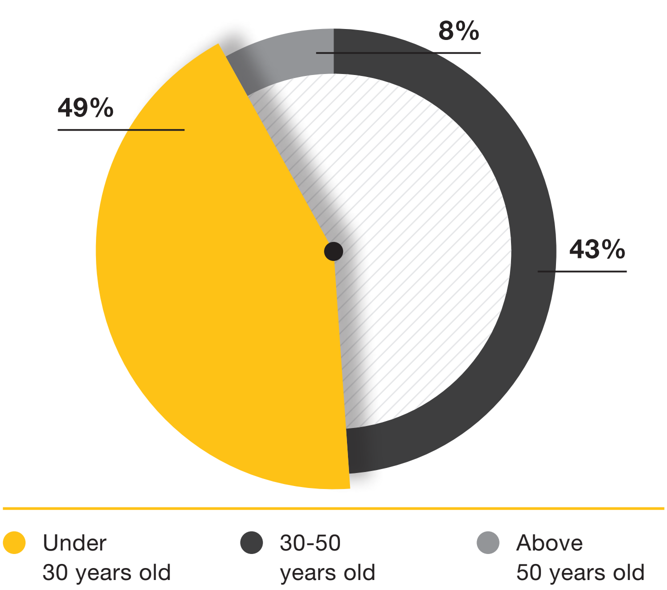



**New Hire - Gender**
Period: July 2022 - June 2023

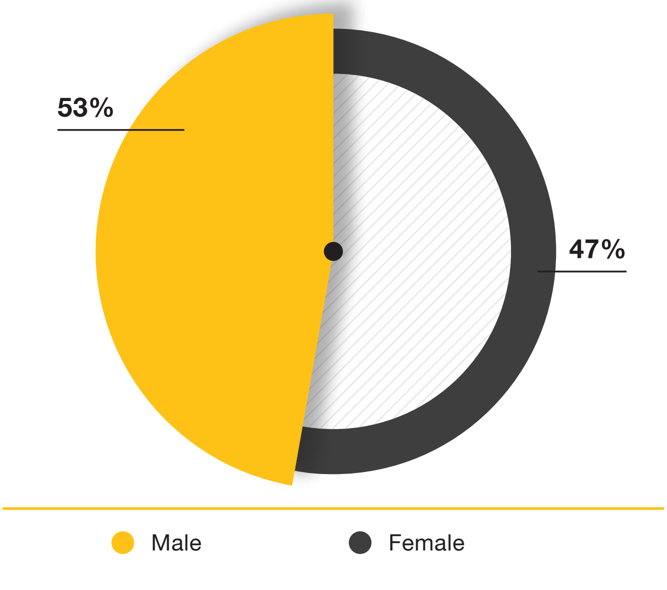



**Breakdown of employee turnover by Age Group and Gender:**

**Turnover - Age Group**
Period: July 2022 - June 2023




**Turnover - Gender**
Period: July 2022 - June 2023



# SUSTAINABILITY STATEMENT
(CONTINUED)

## Material Sustainability Matters: Socio-Economic Compliance

Socioeconomic compliance is an important aspect of maintaining the image and reputation of MAAG. From the group level, MAAG have set in place several policies such as the Anti-Fraud Framework, Policy of Conflict of Interest, Compliance Framework and Enterprise Risk Management in place, in order to ensure that compliance to social and economic legislation is adhered.

In the Philippines Insurance industry, MAAGAP has achieved growth in the market share through an increased volume of our branch operations. We have solidified and expanded our relationship with the relevant government agencies relating to insurance companies' operations. Our commitment and performance, particularly in the settlement of claims, assists in shaping and stabilising of the local industry, resulting in a more competitive market.

The insurance business in the Philippines is one that is very competitive and strictly regulated. To transact in this competitive insurance environment and at the same time, maintain our position as a dominant player in the market, maintaining MAAGAP's operating license is vital. MAAGAP ensures adherence to the Insurance Commission's regulation via its Certificate of Authority as proof of compliance in all areas required by law.

An ISO management team, designated by the President and CEO of MAAGAP, is in place to manage our operations and policy compliance. This practice is crucial; it safeguards us alongside any audit conducted on our operations, such as the annual random audit of policies by the Insurance Commission ("IC") in the Philippines. Management of MAAGAP is responsible for reviewing the audit results and managing the improvement of MAAGAP's processes based on the ISO team's recommendations.

On a group level, HR monitors due processes and report grievances to ensure that violations against the Company's Code of Conduct are zero in nature, or at least, kept to a minimum. Offenders of the Group's internal policies will be dealt through disciplinary measures including suspension and termination of employment. The Group considers socioeconomic compliance a priority and has made its implementation a company-wide effort. Further details on these policies are laid out in our Company quality plan.

There were no sanctions of non-compliance with the laws and regulations that resonates with anti-bribery or corruption and anti-competition law within the reporting period.

### STATEMENT OF ASSURANCE

Our Sustainability Statement is a comprehensive representation of our sustainability journey, encompassing our objectives, achievements, challenges, and ongoing commitments. We have implemented robust internal processes to collect, verify, and report data accurately, and we have engaged stakeholders across our value chain to validate the relevance and authenticity of the information shared.

While we have yet to appoint an auditor to provide formal assurance on this Sustainability Statement, we want to emphasise our commitment to accuracy, integrity, and transparency in reporting. As a public listed company, we have taken the necessary steps to ensure the reliability of the information presented herein to the best of our abilities.

In the near future, we intend to engage a reputable external auditor to provide independent assurance on the accuracy, reliability, and adherence to recognised reporting standards within our Sustainability Statement. This assurance process will further enhance the credibility of our sustainability reporting and reinforce our commitment to transparency and accountability.

# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

## RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|---|---|---|
| Net loss for the financial year attributable to: | | |
| Owners of the Company | (1,416) | (34,410) |
| Non-controlling interests | (9,959) | - |
| Net loss for the financial year | (11,375) | (34,410) |

## RESERVES AND PROVISONS

There were no material transfers to or from reserves or provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tunku Dato' Yaacob Khyra
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Yeo Took Keat
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report are as follows:

Anand Kanagasingam
James Beltran
Onn Norshal bin Hamzah
Dato' Gerald Han Issac
Dr Mohammad Shazli bin Abdul Rahman
Santiago Ranada Jr
Daniel C. Go
Ramon Garcia Jr
Carlos T. Ocampo
Lope Torres
Abraham R. Abesamis
Efren L. Abu
Muhammad Sakin Sim Abbdullah
Edward N. Suy
Martin Dela Rosa
Allessandro Lamberti
Minotti Samuele
Dato' Sri Naresh Mohan
Rameshwaran A/L Thendayuthapani
Muk Sai Tat
Mohd Izam bin Yunus
Sia Chien Vui
Lim Jun Yen
Fong Kah Ho
Oon Yi Jun
Ngai Seak Hong
Soo Ming Fu
Melvinder S.Rendawa A/L Harjit S. Rendawa
Sudhir Ashok Buxani
Kelvin Tan Wei Jian
Chang Siew Kum
Teng Car Men
Villion Chung Yaw Fui

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Name of Director** | **At 1.7.2022** | **Bought** | **Sold** | **At 30.6.2023** |
| **Interest in the Company** | | | | |
| Tunku Dato' Yaacob Khyra | | | | |
| - deemed indirect interest# | 110,270,484 | - | - | 110,270,484 |
| Yeo Took Keat | | | | |
| - direct interest | 80,000 | - | - | 80,000 |
| **Interest in subsidiary – MAA Bancwell Trustee Berhad** | | | | |
| Tunku Dato' Yaacob Khyra | | | | |
| - direct interest | 20,000 | - | - | 20,000 |

# Tunku Dato' Yaacob Khyra is deemed interested by virtue of him being a beneficiary of a trust known as Khyra Legacy Berhad, being the holding company of Melewar Equities (BVI) Ltd and Melewar Acquisitions Limited who are the substantial shareholders of the Company.

None of the other Directors holding office at 30 June 2023 had any interest in the shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2023 are as follows:

| | From the Company | From subsidiary companies |
|---|---|---|
| | RM'000 | RM'000 |
| Directors of the Company: | | |
| Salaries | 1,923 | 289 |
| Bonus | 481 | 72 |
| Contributions to Employees' Provident Fund | 385 | 47 |
| Fees and allowances | 266 | 91 |
| Estimated money value of any other benefits | 21 | 20 |
| Company secretarial fees paid to company in which certain Directors have interest | 202 | 89 |
| | 3,278 | 608 |

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

## INDEMNITY AND INSURANCE COSTS

MAA Group Berhad and its subsidiaries, maintain a Directors' and Officers' Liability Insurance for the purpose of Section 289(7) of the Companies Act 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Company. The total amount of indemnity coverage for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of MAA Group Berhad and its subsidiaries was RM10,000,000. The insurance premium paid was RM103,680.

The total amount of indemnity coverage for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the overseas subsidiary was PHP50,000,000. The insurance premium paid was PHP802,000.

There was no indemnity given to, or insurance effected for auditors of the Group and of the Company during the financial year.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) there was adequate provision for its insurance contract liabilities in accordance with the valuation methods specified in the Valuation Standards for Non-Life Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework issued by Insurance Commission;

(ii) all known bad debts have been written off and adequate allowance made for doubtful debts; and

(iii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent; or

(ii) that would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**OTHER STATUTORY INFORMATION** (continued)

For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

**AUDITORS**

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the financial year are RM414,000 and RM263,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**TUNKU DATO' YAACOB KHYRA**
DIRECTOR

**TUNKU DATO' AHMAD BURHANUDDIN BIN TUNKU DATUK SERI ADNAN**
DIRECTOR

Date: 26 October 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | Restated 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **ASSETS** | | | | | |
| Property, plant and equipment | 4 | 25,729 | 24,718 | 371 | 433 |
| Right-of-use assets | 5(a) | 42,717 | 37,398 | 170 | 577 |
| Investment properties | 6 | 88,447 | 49,703 | 26,790 | 26,790 |
| Intangible assets | 7 | 815 | 1,108 | 24 | 35 |
| Goodwill on business combinations | 8 | 26,911 | 26,911 | - | - |
| Investments in subsidiaries | 9 | - | - | 137,493 | 138,379 |
| Investments in associates | 10 | 813 | 667 | 22,610 | 33,250 |
| Investments | 11 | 322,617 | 288,908 | 13,839 | 13,583 |
| - Fair value through profit or loss ("FVTPL") | 11(a) | 84,129 | 86,269 | 13,839 | 13,583 |
| - Fair value through other comprehensive income ("FVOCI") | 11(b) | 86,956 | 71,455 | - | - |
| - Amortised cost ("AC") | 11(c) | 151,532 | 131,184 | - | - |
| Deferred tax assets | 12 | 2,293 | 4,828 | - | 561 |
| Reinsurance assets | 13 | 78,677 | 87,761 | - | - |
| Insurance receivables | 14 | 42,079 | 47,504 | - | - |
| Loans and receivables | 15 | 56,674 | 56,280 | 10 | 26 |
| Trade and other receivables | 16 | 76,819 | 73,873 | 25,011 | 45,993 |
| Deferred acquisition costs | 17 | 21,305 | 19,650 | - | - |
| Inventories | 18 | 2,928 | 3,435 | - | - |
| Tax recoverable | | 1,290 | 683 | 458 | 230 |
| Cash and cash equivalents | 19 | 32,993 | 53,785 | 4,754 | 6,467 |
| **TOTAL ASSETS** | | 823,107 | 777,212 | 231,530 | 266,324 |
| **EQUITY** | | | | | |
| Share capital | 20(a) | 304,354 | 304,354 | 304,354 | 304,354 |
| Retained earnings/(Accumulated losses) | | 103,605 | 102,219 | (75,865) | (41,455) |
| Reserves | | (17,347) | (27,557) | - | - |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | 390,612 | 379,016 | 228,489 | 262,899 |
| Non-controlling interests ("NCI") | | (32,337) | (18,854) | - | - |
| **TOTAL EQUITY** | | 358,275 | 360,162 | 228,489 | 262,899 |

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (CONTINUED)

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | Restated 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **LIABILITIES** | | | | | |
| Insurance contract liabilities | 21 | 232,612 | 227,916 | - | - |
| Deferred tax liabilities | 12 | 949 | 672 | 236 | - |
| Borrowings | 22 | 55,837 | 19,159 | - | - |
| Lease liabilities | 5(b) | 52,573 | 45,286 | 186 | 609 |
| Insurance payables | 23 | 18,601 | 25,167 | - | - |
| Deferred reinsurance commissions | 17 | 3,589 | 2,534 | - | - |
| Trade and other payables | 24 | 94,223 | 94,929 | 2,619 | 2,816 |
| Deferred income | 25 | 307 | - | - | - |
| Retirement benefit liability | 26 | 2,632 | 694 | - | - |
| Current tax liabilities | | 3,509 | 693 | - | - |
| **TOTAL LIABILITIES** | | 464,832 | 417,050 | 3,041 | 3,425 |
| **TOTAL EQUITY AND LIABILITIES** | | 823,107 | 777,212 | 231,530 | 266,324 |

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | Restated 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Operating revenue** | 27 | 283,348 | 364,149 | 9,005 | 12,070 |
| Gross earned premiums | 28 | 174,944 | 248,996 | - | - |
| Premiums ceded to reinsurers | 28 | (78,150) | (94,843) | - | - |
| **Net earned premiums** | | 96,794 | 154,153 | - | - |
| Investment income | 29 | 4,629 | 7,916 | 183 | 1,545 |
| Interest income | 30 | 11,989 | 14,887 | 8,702 | 10,410 |
| Realised gains and losses | 31 | (1) | 9,032 | (449) | 5,211 |
| Fair value gains and losses | 32 | 31,467 | (27,632) | 12,663 | (11,851) |
| Commission income | 17 | 3,944 | 5,224 | - | - |
| Other operating revenue from non-insurance businesses | 33 | 91,786 | 92,350 | 120 | 115 |
| Other operating income/(expenses) - net | 34 | 10,586 | (2,159) | (27,578) | 17,689 |
| **Other revenue/(expenses)** | | 154,400 | 99,618 | (6,359) | 23,119 |
| Gross claims paid | | (54,276) | (60,577) | - | - |
| Claims ceded to reinsurers | | 20,762 | 13,638 | - | - |
| Gross change in contract liabilities | | 10,809 | (29,231) | - | - |
| Change in contract liabilities ceded to reinsurers | | (16,518) | 23,242 | - | - |
| **Net claims incurred** | | (39,223) | (52,928) | - | - |
| Commission expenses | 17 | (39,916) | (60,743) | - | - |
| Management expenses | 35 | (153,790) | (171,161) | (18,679) | (28,564) |
| Net impairment loss on financial instruments | 36 | (12,789) | (41,203) | (8,514) | (120,769) |
| Finance costs | 37 | (5,844) | (4,382) | (62) | (131) |
| **Other expenses** | | (212,339) | (277,489) | (27,255) | (149,464) |
| **Operating loss** | | (368) | (76,646) | (33,614) | (126,345) |
| Share of profit/(loss) after tax of equity accounted associates | 10 | 146 | (62,757) | - | - |
| **Loss before tax** | | (222) | (139,403) | (33,614) | (126,345) |
| Tax expense | 38 | (11,153) | (11,169) | (796) | (343) |
| **Loss for the financial year/period** | | (11,375) | (150,572) | (34,410) | (126,688) |
| **Loss attributable to:** | | | | | |
| Owners of the Company | | (1,416) | (134,170) | (34,410) | (126,688) |
| NCI | | (9,959) | (16,402) | - | - |
| | | (11,375) | (150,572) | (34,410) | (126,688) |
| **Loss per share (sen)** | | | | | |
| Basic | 39(a) | (0.54) | (50.87) | | |

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) RM'000 | GROUP 1.1.2021 to 30.6.2022 (18 months) RM'000 | COMPANY 1.7.2022 to 30.6.2023 (12 months) RM'000 | COMPANY Restated 1.1.2021 to 30.6.2022 (18 months) RM'000 |
|---|---|---|---|---|---|
| **Loss for the financial year/period** | | (11,375) | (150,572) | (34,410) | (126,688) |
| **Other comprehensive income, net of tax** | | | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | | | |
| Foreign currency translation differences for foreign operations | 20(b) | 12,104 | (5,865) | - | - |
| Debt securities at FVOCI | 20(c) | 836 | (5,799) | - | - |
| | | 12,940 | (11,664) | - | - |
| **Items that will not be reclassified subsequently to profit or loss:** | | | | | |
| Net change in fair value of equity securities at FVOCI | 20(c) | (2,122) | (674) | - | - |
| Remeasurement of retirement benefit liability | 26 | 207 | 268 | - | - |
| | | (1,915) | (406) | - | - |
| **Share of other comprehensive loss of equity-accounted associate** | | - | (6,364) | - | - |
| **Total other comprehensive income/(loss) for the financial year/period** | | 11,025 | (18,434) | - | - |
| **Total comprehensive loss for the financial year/period** | | (350) | (169,006) | (34,410) | (126,688) |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the Company | | 9,609 | (152,604) | (34,410) | (126,688) |
| NCI | | (9,959) | (16,402) | - | - |
| | | (350) | (169,006) | (34,410) | (126,688) |

The accompanying notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| GROUP | Share capital | Foreign currency translation reserve | Fair value reserve | Share of reserves of equity-accounted associates | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of the Company | | | | | | | |
| | Non-distributable | | | | Distributable | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January 2021** | 304,354 | (11,142) | 2,287 | - | 237,508 | 533,007 | (3,989) | 529,018 |
| Foreign currency translation differences for foreign operations | - | (5,865) | - | - | - | (5,865) | - | (5,865) |
| Debt securities at FVOCI | - | - | (5,799) | - | - | (5,799) | - | (5,799) |
| Net change in fair value of equity securities at FVOCI | - | - | (674) | - | - | (674) | - | (674) |
| Remeasurement of retirement benefit liability | - | - | - | - | 268 | 268 | - | 268 |
| Share of other comprehensive loss of equity-accounted associate | - | - | - | (6,364) | - | (6,364) | - | (6,364) |
| Total other comprehensive (loss)/income for the financial period | - | (5,865) | (6,473) | (6,364) | 268 | (18,434) | - | (18,434) |
| Loss for the financial period | - | - | - | - | (134,170) | (134,170) | (16,402) | (150,572) |
| Total comprehensive income/(loss) for the financial period | 304,354 | (5,865) | (6,473) | (6,364) | (133,902) | (152,604) | (16,402) | (169,006) |
| Funds from NCI | - | - | - | - | - | - | 98 | 98 |
| Acquisition of subsidiaries | - | - | - | - | - | - | 52 | 52 |
| Transactions with NCI | - | - | - | - | (1,387) | (1,387) | 1,387 | - |
| **At 30 June 2022** | 304,354 | (17,007) | (4,186) | (6,364) | 102,219 | 379,016 | (18,854) | 360,162 |
| | | Note 20(b) | Note 20(c) | | | | | |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-distributable | | | | Distributable | | | |
| GROUP | Share capital | Foreign currency translation reserve | Fair value reserve | Share of reserves of equity-accounted associates | Retained earnings | Total | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 July 2022** | 304,354 | (17,007) | (4,186) | (6,364) | 102,219 | 379,016 | (18,854) | 360,162 |
| Foreign currency translation differences for foreign operations | - | 12,104 | - | - | - | 12,104 | - | 12,104 |
| Debt securities at FVOCI | - | - | 836 | - | - | 836 | - | 836 |
| Net change in fair value of equity securities at FVOCI | - | - | (2,122) | - | - | (2,122) | - | (2,122) |
| Remeasurement of retirement benefit liability | - | - | - | - | 207 | 207 | - | 207 |
| Total other comprehensive income/(loss) for the financial year | - | 12,104 | (1,286) | - | 207 | 11,025 | - | 11,025 |
| Loss for the financial year | - | - | - | - | (1,416) | (1,416) | (9,959) | (11,375) |
| Total comprehensive income/(loss) for the financial year | - | 12,104 | (1,286) | - | (1,209) | 9,609 | (9,959) | (350) |
| Transfer upon disposal of equity securities at FVOCI | - | - | (608) | - | 608 | - | - | - |
| Funds from NCI | - | - | - | - | - | - | 245 | 245 |
| Transactions with NCI | - | - | - | - | 1,987 | 1,987 | (3,769) | (1,782) |
| **At 30 June 2023** | 304,354 | (4,903) | (6,080) | (6,364) | 103,605 | 390,612 | (32,337) | 358,275 |
| | | Note 20(b) | Note 20(c) | | | | | |

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | | Non-distributable | Distributable | |
|---|---|---|---|---|
| **COMPANY** | **Note** | **Share capital** | **Retained earnings/ (Accumulated losses)** | **Total equity** |
| | | **RM'000** | **RM'000** | **RM'000** |
| **At 1 January 2021** | | 304,354 | 85,233 | 389,587 |
| Total comprehensive loss for the financial period | | | | |
| - as previously stated | | - | (265,067) | (265,067) |
| - restatement of comparatives | 52 | - | 138,379 | 138,379 |
| - restated | | - | (126,688) | (126,688) |
| **At 30 June 2022** | | 304,354 | (41,455) | 262,899 |
| **At 1 July 2022** | | | | |
| - as previously stated | | 304,354 | (179,834) | 124,520 |
| - restatement of comparatives | 52 | - | 138,379 | 138,379 |
| - restated | | 304,354 | (41,455) | 262,899 |
| Total comprehensive loss for the financial year | | - | (34,410) | (34,410) |
| **At 30 June 2023** | | 304,354 | (75,865) | 228,489 |

The accompanying notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) RM'000 | GROUP 1.1.2021 to 30.6.2022 (18 months) RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Loss for the financial year/period** | | (11,375) | (150,572) |
| Adjustments for: | | | |
| Investment income | 29 | (4,629) | (7,916) |
| Interest income | 30 | (11,989) | (14,887) |
| Realised losses/(gains) | 31 | 1 | (9,032) |
| Fair value (gains)/losses | 32 | (31,467) | 27,632 |
| Property, plant and equipment written off | 34 | 70 | - |
| Impairment loss on right-of-use assets | 34 | 682 | - |
| Impairment loss on intangible assets | 34 | 247 | 212 |
| Impairment loss on investments in an associate | 34 | - | 2,367 |
| Unrealised foreign exchange (gains)/losses | 34 | (3,391) | 179 |
| Impairment loss on goodwill acquired | 34 | - | 6,541 |
| Gain on remeasurement of previously held equity interest in an associate | 34 | - | (29) |
| Reserves arising from business combinations | 34 | - | (14) |
| (Gain)/Loss on remeasurement of right-of-use assets | 34 | (117) | 1,130 |
| Depreciation of property, plant and equipment | 35 | 5,224 | 6,504 |
| Amortisation of leasehold land | 35 | 1 | 2 |
| Depreciation of right-of-use assets | 35 | 14,243 | 19,404 |
| Amortisation of intangible assets | 35 | 249 | 428 |
| Net impairment loss of financial instruments | 36 | 12,789 | 41,203 |
| Finance costs | 37 | 5,844 | 4,382 |
| Share of (profit)/loss of equity accounted associates | 10 | (146) | 62,757 |
| Tax expense | 38 | 11,153 | 11,169 |
| **Operating (loss)/profit before changes in working capital** | | (12,611) | 1,460 |
| **Changes in working capital:** | | | |
| Reinsurance assets | | 9,084 | (24,888) |
| Insurance receivables | | 4,180 | 12,891 |
| Loans and receivables | | (12,387) | (54,828) |
| Trade and other receivables | | (15,852) | (35,059) |
| Deferred acquisition costs | | (1,655) | 1,435 |
| Inventories | | 507 | (2,296) |
| Insurance contract liabilities | | 4,696 | 27,401 |
| Insurance payables | | (6,566) | 4,612 |
| Deferred reinsurance commissions | | 1,055 | 472 |
| Trade and other payables | | (710) | (20,058) |
| Deferred income | | 307 | - |
| **Cash used in operations** | | (29,952) | (88,858) |
| Income tax paid | | (6,125) | (13,082) |
| **Net cash used in operating activities** | | (36,077) | (101,940) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) RM'000 | GROUP 1.1.2021 to 30.6.2022 (18 months) RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | 4 | (6,508) | (14,997) |
| Proceeds from disposal of property, plant and equipment | | 126 | 51 |
| Additions from subsequent expenditure of investment properties | 6 | (13) | (134) |
| Proceeds from disposal of investment properties | | 131 | - |
| Acquisition of intangible assets | 7 | (78) | (410) |
| Acquisition of investments | 11 | (401,010) | (961,138) |
| Proceeds from disposal of investments | | 396,524 | 987,218 |
| (Decrease)/Increase in fixed and call deposits | | (264) | 6,809 |
| Funds from NCI | 9 | 245 | 98 |
| Net cash inflow from business combinations | 49(c),(d) | - | 1,073 |
| Transaction with NCI | 49(a) | (1,782) | - |
| Interest income received | | 10,212 | 14,839 |
| Dividend income received | | 3,655 | 7,604 |
| Rental income received | | 736 | 183 |
| **Net cash generated from investing activities** | | 1,974 | 41,196 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | 5(b) | (12,855) | (13,241) |
| Lease interest paid | 5(b) | (2,925) | (3,499) |
| Proceeds from borrowings | 22 | 53,150 | 19,247 |
| Repayment of borrowings | 22 | (18,316) | (1,055) |
| Hire purchase interest paid | 22 | (14) | (27) |
| Interest on borrowings and other interest paid | 22 | (1,057) | (178) |
| **Net cash generated from financing activities** | | 17,983 | 1,247 |
| **Net decrease in cash and cash equivalents** | | (16,120) | (59,497) |
| Effect of movement in exchange rates | | (4,672) | 2,819 |
| **Cash and cash equivalents at beginning of financial year/period** | | 53,785 | 110,463 |
| **Cash and cash equivalents at end of financial year/period** | 19 | 32,993 | 53,785 |

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | | COMPANY | |
|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | Restated 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Loss for the financial year/period** | | (34,410) | (126,688) |
| Adjustments for: | | | |
| Investment income | 29 | (183) | (1,545) |
| Interest income | 30 | (8,702) | (10,410) |
| Realised losses/(gains) | 31 | 449 | (5,211) |
| Fair value (gains)/losses | 32 | (12,663) | 11,851 |
| Property, plant and equipment written off | 34 | 1 | - |
| Impairment loss/(Reversal of impairment loss) on investment in a subsidiary | 34 | 16,650 | (37,631) |
| Impairment loss on investment in an associate | 34 | 10,640 | 21,280 |
| Unrealised foreign exchange gains | 34 | (16) | (1,074) |
| Depreciation of property, plant and equipment | 35 | 102 | 283 |
| Depreciation of right-of-use assets | 35 | 407 | 610 |
| Amortisation of intangible assets | 35 | 12 | 20 |
| Net impairment loss on financial instruments | 36 | 8,514 | 120,769 |
| Finance costs | 37 | 62 | 131 |
| Tax expense | 38 | 796 | 343 |
| **Operating loss before changes in working capital** | | (18,341) | (27,272) |
| **Changes in working capital:** | | | |
| Loans and receivables | | 16 | 3 |
| Trade and other receivables | | (547) | 5,695 |
| Trade and other payables | | 503 | (3,621) |
| **Cash used in operations** | | (18,369) | (25,195) |
| Interest income received | | 1,442 | 1,762 |
| Dividend income received | | 23 | 1,519 |
| Rental income received | | 160 | 28 |
| Income tax paid | | (227) | (2,546) |
| **Net cash used in operating activities** | | (16,971) | (24,434) |

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

| | Note | COMPANY 1.7.2022 to 30.6.2023 (12 months) RM'000 | COMPANY Restated 1.1.2021 to 30.6.2022 (18 months) RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | 4 | (41) | (55) |
| Addition from subsequent expenditure of investment properties | 6 | - | (133) |
| Proceeds from disposal of investment property | 6 | 131 | - |
| Acquisition of intangible assets | 7 | (1) | (45) |
| Increase in investment in a subsidiary | | (15,764) | - |
| Acquisition of investments | 11 | (395) | (149,060) |
| Proceeds from disposal of investments | | 12,232 | 219,779 |
| Cash consideration paid for acquisition of Turiya Berhad | 16 | - | (23,787) |
| **Net cash (used in)/generated from investing activities** | | (3,838) | 46,699 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment (to)/Advances from a subsidiary | | (700) | 700 |
| Decrease/(Increase) in amounts due from subsidiaries | | 20,281 | (66,194) |
| Repayment of lease liabilities | 5(b) | (423) | (574) |
| Lease interest paid | 5(b) | (33) | (110) |
| Interest paid on amount due to subsidiary | | (29) | (21) |
| **Net cash generated from/(used in) financing activities** | | 19,096 | (66,199) |
| **Net decrease in cash and cash equivalents** | | (1,713) | (43,934) |
| **Cash and cash equivalents at beginning of financial year/period** | | 6,467 | 50,401 |
| **Cash and cash equivalents at end of financial year/period** | 19 | 4,754 | 6,467 |

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

**CORPORATE INFORMATION**

MAA Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business of the Company are as follows:

**Registered office**
Suite 11.05, 11th Floor
No.566, Jalan Ipoh
51200 Kuala Lumpur

**Principal place of business**
13th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

In the previous financial period, the Company and its subsidiaries changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and the Company for the comparative period covered a period of eighteen (18) months from 1 January 2021 to 30 June 2022.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are stated in Note 9 to the financial statements. There has been no significant change in the principal activities of the Company and its subsidiaries during the financial year.

These financial statements were authorised for issue by the Board of Directors on 26 October 2023.

**1 BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments to MFRSs that have been issued by Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparable Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures 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 and International Tax Reform – Pillar Two Model Rules*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenents and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7*, Financial Instruments: Disclosures – Supplier Finance Arrangements*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**1 BASIS OF PREPARATION** (continued)

**(a) Statement of compliance** (continued)

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- 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*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

- from the annual period beginning on 1 July 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

- from the annual period beginning on 1 July 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standard and amendments is not expected to have any material financial impact to the financial statements of the Group and of the Company except as mentioned below:

**MFRS 17*, Insurance Contracts***

This standard brings significant changes to the accounting for insurance and reinsurance contracts and is expected to have a material impact to the Group's financial statements in the period of initial application.

***Overview of MFRS 17***

MFRS 17 requires liabilities for insurance contracts to be measured as the total of:

- fulfilment cash flows, comprising the best estimate of the present value of future cash flows within the contract boundary that are expected to arise and an explicit risk adjustment for non-financial risk; and

- a contractual service margin ("CSM") that is representing the deferral of any day-one gains arising on initial recognition.

A simplified measurement model called the premium allocation approach ("PAA") is available for insurance and reinsurance contracts that meet the eligibility criteria. When using the PAA, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided.

The Group expects that it will apply the PAA to most of the insurance contracts issued as they have a coverage period of one year or less, or are able to pass the eligibility test, thereby meeting the eligibility criteria for PAA application.

For measurement purposes, contracts are grouped together into contracts of similar risk, profitability profile and year of issuance, with further divisions for contracts that are managed separately.

Losses arising from insurance contracts are recognised directly into the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 1 BASIS OF PREPARATION (continued)

### (a) Statement of compliance (continued)

**MFRS 17*, Insurance Contracts*** (continued)

***Transition approach***

Transition refers to the determination of the opening balance sheet for the first year of comparative information presented under MFRS 17 (i.e. at 1 July 2022).

The standard requires MFRS 17 to be applied retrospectively (the "full retrospective approach") unless impracticable. If a full retrospective approach is impracticable there is an option to choose either a modified retrospective approach or a fair value approach. If reasonable and supportable information necessary to apply the modified retrospective approach is not available, the fair value approach must be applied. The General Insurance subsidiary has assessed that the application of full restropective approach is impracticable due to data availability challenges and majority of the groups of insurance contracts of the company are expected to apply the modified retrospective approach on transition.

***Expected impact on transition date at 1 July 2023***

MFRS 17 will significantly change how insurance and reinsurance contracts held are presented and disclosed in the Group's financial statements.

Under MFRS 17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts will also be presented in the same line item as the related portfolios of contracts.

Under MFRS 17, amounts recognised in the statement of profit or loss and other comprehensive income are disaggregated into insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses. Amounts from reinsurance contracts held will be presented separately.

The Group is adopting MFRS 17 retrospectively to its 2022 comparatives as required by the standard.

The assessment above is preliminary because not all of the transition work has been finalised. The actual impact of adopting MFRS 17 on 1 July 2023 and 2022 are subject to change prior to finalisation of the Group's financial statements for the year ending 30 June 2024.

### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the financial statements.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 1 BASIS OF PREPARATION (continued)

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS requires management to make judgements, estimation and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-gong basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in Note 3 to the financial statements.

## 2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

### 2.1 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 Basis of consolidation (continued)

#### (iii) Acquisition of non-controlling interests ("NCI")

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its NCI holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any NCI and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

#### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of investment includes transaction costs. The consolidated financial statements include the Group's share of post-acquisition profit or loss and other comprehensive income ("OCI") of the equity-accounted associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of post-acquisition losses exceeds its interest in an equity-accounted associate, the carrying amount of that interest (including any long-term investments such as loans and advances) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in OCI are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 Basis of consolidation (continued)

#### (vi) Non-controlling interests ("NCI")

NCI at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. NCI in the results of the Group is presented in the consolidated statement of profit or loss and statement of comprehensive income as an allocation of the profit or loss and the comprehensive income between NCI and owners of the Company.

Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

#### (vii) Transactions eliminated on consolidation

Inter-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 2.2 Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated into the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for differences arising from the retranslation of investment in equity securities designated at fair value through other comprehensive income, which are recognised in OCI.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in OCI and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the FCTR in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except capital work-in-progress which is measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of material and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within 'Realised gains and losses' in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leasehold land is amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is lower than the leasehold period. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Property, plant and equipment (continued)

#### (iii) Depreciation (continued)

The annual depreciation rates are as follows:

| | |
|---|---|
| Leasehold land | Over the remaining leasehold period |
| Furniture, fittings and equipment | 10% - 20% |
| Motor vehicles | 10% - 20% |
| Renovation | 10% - 20% |
| Office buildings | 20 years |

Depreciation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

### 2.4 Investment properties

#### (i) Investment property carried at fair value

Investment properties are properties which are to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

#### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date or reclassification becomes its cost for subsequent accounting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Leases

#### (i) Definition of lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the lease of property in which the Group is a lessee, it has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### (ii) Recognition and initial measurement

**As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group entities' incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price under a purchase and extension option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Leases (continued)

#### (iii) Subsequent measurement

**As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents the right-of-use asset and lease liability as a separate line item in the statement of financial position. Depreciation on right-of-use asset is presented as separate line item in 'Management expenses' in profit or loss. Interest expense on the lease liability is presented within the finance cost in profit or loss.

### 2.6 Intangible assets

#### (i) Goodwill

Goodwill arising on business combination is measured at cost less any accumulated impairment loss. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount if the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

#### (ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are recognised as expenses when incurred. Developments costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group or the Company, and that will generate probably future economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, ranging between 5 to 10 years.

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Intangible assets (continued)

#### (iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful.

The estimated useful lives for the current and comparative periods are as follows:

- Computer software 5 – 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

### 2.7 Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

#### (ii) Classification and subsequent measurement

<u>Financial assets</u>

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition, unless the Group or the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### (a) Amortised cost

Financial assets that are measured at amortised cost if they meet both of the following conditions:

- they are held within a business model whose objectives are to collect contractual cash flows; and
- have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are not designated at fair value through profit or loss.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and losses on derecognition are also recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets (see Note 2.8) where the effective interest rate is applied to the amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Financial instruments (continued)

#### (ii) Classification and subsequent measurement (continued)

**Financial assets** (continued)

**(b) Fair value through other comprehensive income ("FVOCI")**

Debt securities investments

Debt securities investments are measured at FVOCI if they meet both of the following conditions:

- they are held within a business model whose objectives are both to collect contractual cash flows and selling financial assets; and
- have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt securities investments are not designated at fair value through profit or loss.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and losses arising from changes in fair value are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets (see Note 2.8).

Equity securities investments

For investments in equity securities that are not held for trading, the Group or the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Any gains and losses arising from the changes in value are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

**(c) Fair value through profit or loss ("FVTPL")**

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses arising from the changes in fair value, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity securities investments measured at FVOCI are subject to impairment assessment (see Note 2.8).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Financial instruments (continued)

#### (ii) Classification and subsequent measurement (continued)

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost using the effective interest method. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.8 Impairment of financial assets

The Group or the Company recognises impairment loss allowance for expected credit loss (“ECL”) on financial assets measured at amortised cost and debt securities investments measured at FVOCI.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group or the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Impairment loss for financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance for impairment loss account.

For debt securities investments measured at FVOCI, impairment loss is recognised in profit or loss. The impairment loss allowance does not reduce the carrying amount of the financial assets in the statement of financial position and is recognised in OCI.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Impairment of financial assets (continued)

#### (a) General 3-stage approach

At each reporting date, the Group or the Company measures impairment loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, an impairment loss allowance at an amount equal to lifetime ECL is required.

Impairment loss will be measured on each reporting date according to a general 3-stage ECL impairment model:

**(i) Stage 1: 12-month ECL**

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. An impairment loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.

**(ii) Stage 2: Lifetime ECL – not credit-impaired**

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. An impairment loss allowance is recognised equal to the credit losses expected over the remaining life of the assets.

**(iii) Stage 3: Lifetime ECL – credit-impaired**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date, an impairment loss allowance equal to full lifetime credit losses is to be recognised.

#### (b) Simplified approach

The Group or the Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and insurance receivables. The Group's and the Company's provision matrix is based on its historical credit loss experience with trade and insurance receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment. In the circumstances where there was no historical credit loss experience, the Group or the Company used prevailing market non-performing loan data as the proxy for the credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group or the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group or the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

**Significant increase in credit risk**

The following indicators are incorporated in determining whether there is a significant increase in credit risk as at reporting date when compared to the date of initial recognition.

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group or the Company and changes in the operating results of the debtor

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Group or the Company assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Impairment of financial assets (continued)

**Incorporation of forward-looking information**

MFRS 9 specifically requires measurement of ECL using not only past and current information, but also including forecast information. Hence, the ECL calculations include forward-looking adjustment according to the expected future macroeconomic conditions. Key macroeconomic variables ("MEVs") that are incorporated into the ECL calculations include, but not limited to Consumer Price Index and Gross Domestic Product.

Forward-looking MEVs are supported with 3 economic scenarios i.e., baseline, best- and worst-case scenarios of forecast based on available forecasts. Methodology and assumptions including forecasts of future economic conditions are being reviewed regularly.

**Credit-impaired financial assets**

At each reporting date, the Group or the Company assesses whether financial assets carried at amortised cost and debt securities investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group or the Company on terms that the Group or the Company would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

In assessing whether a customer is in default, the Group or the Company considers indicators that are:

- qualitative: e.g., breaches of contract
- quantitative: e.g., overdue status and non-payment
- based on data developed internally and obtained from external sources

Financial assets that are credit-impaired are assessed on individual basis.

**Write-off**

The gross carrying amount of a financial asset is written off when the Group or the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group or the Company makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group or the Company expects no significant recovery from the amount written off.

Where financial assets are secured, the write-off is normally done after receipt of any proceeds from the realisation of security. Where the collateral is property, the net realisable value for the property is determined by using its fair value based on open market value by independent property valuers, adjusted if necessary, for any difference in the nature, location or condition of the specific asset, while the net realisable value for shares is based on last transacted price. If this information is not available, the Group or the Company uses alternative valuation methods such as recent prices on less active markets, adjusted if necessary, for any difference in the nature, location or condition of the specific asset or discounted cash flow projections.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

### 2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less and are used by the Group or the Company in the management of their short-term commitments.

### 2.11 Loans receivables

Loans receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less impairment loss. The loans receivables are subject to impairment assessment according to a general 3-stage ECL impairment model (see Note 2.8(a)).

### 2.12 Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method.

The General Insurance subsidiary applies the simplified approach to measuring ECL which uses a lifetime ECL for insurance receivables (see Note 2.8(b)).

Insurance receivables are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the General Insurance subsidiary has transferred substantially all risks and rewards of ownership.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group or the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

The Group or the Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less impairment loss allowance.

The Group or the Company applies the simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables (see Note 2.8(b)).

For factoring receivables and other receivables, the Group applies the general 3-stage approach to measure ECL which reflect their credit risk and how the impairment loss allowance is determined (see Note 2.8(a)).

### 2.14 Advances to subsidiaries and associates

Advances to subsidiaries and associates are recognised initially at fair value. If there is any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Advances to subsidiaries and associates are subsequently measured at amortised cost using the effective interest method less impairment loss allowance. The Company applies the general 3-stage approach to measure ECL for advances to subsidiaries and associates (see Note 2.8(a)).

### 2.15 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is determined using the first in, first out method. Cost of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of the business, less the costs of completion and the estimated costs necessary to make the sale.

### 2.16 Trade and other payables

Trade payables represent liabilities for good and services provided to the Group or the Company prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are classified as current liabilities unless the payment is not due within twelve months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 Insurance payables

Insurance payables are recognised when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Insurance payable derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially modified terms, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 Borrowings and borrowing costs

#### (i) Borrowings

Borrowings are initially recognised at fair values, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the initial recognised amount (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

#### (ii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.19 Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 2.20 Contingencies

#### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(i) Issue expenses**

Costs directly attributable to the issuance of instruments classified as equity are recognised as deduction from equity.

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(iii) Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including direct attributable costs, is recognised in equity as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of direct attributable costs and the carrying amount of the treasury shares is recognised in equity.

**(iv) Dividend distribution**

Dividends on ordinary shares are recognised as liabilities and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the financial year that are approved after end of the reporting date are dealt with as an event after the date of the statement of financial position.

### 2.22 Product classification

The General Insurance subsidiary issues contracts that transfer insurance risk.

Insurance contracts are those contracts which the General Insurance subsidiary transfer significant insurance risk. An insurance contract is a contract under which the General Insurance subsidiary (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the General Insurance subsidiary determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or has expired.

### 2.23 Reinsurance

The General Insurance subsidiary cedes insurance risk in the normal course of business. Reinsurance assets represent amounts recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the General Insurance subsidiary from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.23 Reinsurance (continued)

Reinsurance assets are reviewed for impairment at end of each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of a reinsurance asset that the General Insurance subsidiary may not recover all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact that the General Insurance subsidiary will receive from the reinsurer. The impairment loss is recognised in profit or loss.

The General Insurance subsidiary also assumes reinsurance risk in the normal course of business when applicable. Premiums and claims on assumed reinsurance are recognised in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

When the General Insurance subsidiary enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the General Insurance subsidiary initially recognises a liability at transaction price. Subsequent to initial recognition, the portion of the amount initially recognised as a liability which is presented as 'Insurance payables' in the liabilities section of the statement of financial position will be withheld and recognised as funds held for reinsurers and included as part of the 'Insurance payables' in the liabilities section of the statement of financial position. The amount withheld is generally released after a year. Funds held by ceding companies are accounted for in the same manner.

### 2.24 General Insurance underwriting results

The General Insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and claims incurred.

**Gross premiums**

Gross premiums on insurance contracts comprise the total premiums receivable for the whole period of cover provided by insurance contracts entered into during the financial period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the financial period for premiums receivable in respect of business written in prior periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from past experience and are included in premiums written.

Premiums from insurance contracts are recognised as revenue over the period of the contracts using the 24th method for all classes of business. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period is accounted for as 'Provision for unearned premiums' and presented as part of 'Insurance contract liabilities' in the liabilities section of the statement of financial position.

**Reinsurance premiums**

Gross reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by insurance contracts entered into in the period and are recognised on the date which the policy incepts. Premiums include any adjustments arising in the financial period in respect of reinsurance contracts incepting in prior accounting periods.

The related reinsurance premiums ceded that pertain to the unexpired periods at the end of reporting period are accounted for as 'provision for unearned premiums' and shown as part of 'Reinsurance assets' presented in the assets section of the statement of financial position.

**Commission income**

Commissions earned from insurance contracts are recognised as revenue over the period of the contracts using the 24th method for all classes of business. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period is accounted for as 'Deferred reinsurance commissions' and presented in the liabilities section of the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 General Insurance underwriting results (continued)

**Benefits and claims**

Gross benefits and claims consist of benefits and claims paid to policyholders, which includes changes in the valuation of insurance contract liabilities, except for changes in the provision for unearned premiums which are recorded in net earned premiums. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage, recoveries and subrogation are also considered and reduced benefits and claims payable. General insurance claims are recorded on the basis of notifications received.

**Commission expenses**

Commission incurred from insurance contracts are recognised as expense over the period of the contracts using the 24th method for all classes of business. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period is accounted for as ‘Deferred acquisition costs’ and presented in the assets section of the statement of financial position.

**Deferred acquisition costs (“DAC”)**

Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognised as expense when incurred.

Subsequent to initial recognition, these costs are amortised using the 24th method over the life of the contract. For policies with policy duration less than one year or more than one year, the DAC considers the actual DAC from the date of valuation to the date of termination of policies. Amortisation is recognised as ‘Commission expenses’ in profit or loss. The unamortised acquisition costs are shown as ‘Deferred acquisition costs’ in the assets section of the statement of financial position.

An impairment review is performed at end of each reporting period or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss.

DAC is derecognised when the related contracts are settled or disposed.

### 2.25 Insurance contract liabilities

Insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities comprise provision for unearned premiums and provision for outstanding claims.

**Provision for unearned premiums**

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired, is deferred as ‘Provision for unearned premiums’ and presented as part of ‘Insurance contract liabilities’ in the liability section of the statement of financial position.

Unearned premium reserve (“UPR”) is calculated based on the 24th method for all classes of business, on a gross of reinsurance basis. For policies with policy duration less than one year or more than one year, the UPR considers the actual unearned premium from the date of valuation to the date of termination of the policies. ‘Gross change in provision for unearned premiums’ account is taken to profit or loss in the order that revenue is recognised over the period of risk.

At each reporting date, the General Insurance subsidiary reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs are inadequate, the deficiency is recognised in profit or loss by setting up a provision for liability adequacy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Insurance contract liabilities (continued)

**Provision for outstanding claims**

Provision for outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the end of the reporting period.

The provision for outstanding claim is not discounted for the time value of money and includes provision for claims incurred but not reported ("IBNR") and Margin for Adverse Deviation ("MfAD"). The provision for claim liability is based on the adjusters' report on the individual claims and the provision for claim IBNR is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions. Meanwhile, MfAD is calculated using a range of standard actuarial claim projection techniques and is a provision for liabilities due to inherently uncertain events. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract is discharged, cancelled or has expired.

### 2.26 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group's or the Company performs;
- the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

#### (i) Interest income

Interest income from investments measured at amortised cost and at FVOCI are recognised using the effective interest method and recognised as 'Interest income' in profit or loss.

Interest income from fixed and call deposits is recognised on a time-proportion basis using the effective interest method and recognised as 'Interest income' in profit or loss.

#### (ii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of an investment.

Dividend income from investments measured at FVTPL and at FVOCI is recognised as 'Investment income' in profit or loss.

#### (iii) Rental income

Rental income from investment property is recognised as 'Investment income' in profit or loss on straight-line basis over the terms of the leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.26 Revenue recognition (continued)

#### (iv) Other revenue

Fee income from management, consultancy and advisory, educational, factoring and other services fees are measured based on the considerations specified in contracts with customers in exchange for transferring services to customers. The Group or the Company recognises this income when the services specified in the contracts are provided.

Revenue from hotel room revenue is accrued over time on customer-occupied rooms and the sales of food and beverage is recognised when the customer receives the food and beverage. Hotel room and sale of food and beverages revenue are recorded based on the published rates, net of discounts and when the Group has the present right to payment.

Revenue from ticket sales and concession sales is recognised upon delivery of services and products.

### 2.27 Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables and accruals in the statement of financial position.

#### (ii) Post-employment benefits

**Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions or variable contributions into a separate entity ("a fund") and will have no legal or constructive obligations to pay further contributions if any of the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial years. Such contributions are recognised as expenses in the period in which the related services are performed. As required by law, companies in Malaysia make such contributions to the Employees' Provident Fund.

**Defined benefit plan**

The General Insurance subsidiary make contributions to a retirement defined benefit plan.

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net defined benefit liability or asset recognised in the statement of financial position in respect of defined benefit pension plan is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.27 Employee benefits (continued)

#### (ii) Post-employment benefits (continued)

**Defined benefit plan** (continued)

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The General Insurance subsidiary's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

### 2.28 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or OCI.

**Current tax**

The current tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

**Deferred tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.28 Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset against current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on difference tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group and the Company presumed investment property measured at fair value will be recovered entirely through sale. Accordingly, deferred tax assets or liabilities arising on such investment property are measured at the tax rate applicable when the Group and the Company sell the property.

### 2.29 Earnings per share

The Group presents basic earnings per share (“EPS”) for its ordinary shares.

Basic EPS is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

No diluted EPS is disclosed in these financial statements as there are no potential dilutive ordinary shares.

### 2.30 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment results are reviewed regularly by the chief operating decision-maker, which in this case is the Group Executive Committee, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### 2.31 Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant’s liability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group or the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group or the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group or the Company recognises transfers between levels of the fair value hierarchy as of the date the event of change in circumstances that caused the transfer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

**(a) Valuation of insurance contract liabilities**

For the General Insurance subsidiary, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the claims provision. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques such as the Expected Loss Ratio method, Chain Ladder method and Bornhuetter-Ferguson method based on paid and reported claims information.

The main assumption underlying these techniques is that the General Insurance subsidiary's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

As at 30 June 2023, the carrying values of provision for claims reported by policyholders and IBNR of the General Insurance subsidiary amounted to RM127,321,000 (30.6.2022: RM127,788,000) and RM20,336,000 (30.6.2022: RM23,033,000) respectively.

**(b) Impairment assessment on goodwill arising from business combinations**

The Group performs annual assessment of the carrying value of goodwill against the recoverable amount of the cash-generating units ("CGUs") to which the goodwill has arose from business combinations carried out by the Group. The measurement of the recoverable amounts of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's on-going operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and the management's view of future performance of the CGUs.

There was no goodwill recognised nor impairment recognised in the current financial year. In the previous financial period ended 30 June 2022, the Group accounted for goodwill arising from the acquisition of subsidiaries to RM2,565,000 as disclosed in Notes 49(c) and (d) to the financial statements. The Group had impaired the goodwill of RM2,565,000 arising from the acquisition of subsidiaries as these companies were in loss making position and net liabilities position as at the end of reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

### (c) Impairment assessment on investments in subsidiaries and associates

The Group performs annual assessment of the carrying value of investments in subsidiaries and associates against the recoverable amounts. The measurement of the recoverable amounts are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective subsidiaries and/or associates' on-going operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and the management's view of future performance of the subsidiaries and/or associates as disclosed in Notes 9 and 10 to the financial statements.

### (d) Estimation of retirement benefit liability

For the General Insurance subsidiary, the cost of defined retirement benefit obligation and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the long-term nature of the retirement benefit plan, such estimates are subject to significant uncertainty.

The discount rates used were determined using the market yields of the Philippines government bonds with terms consistent with the expected employee benefit payout as at statement of financial position date. Future staff salary increases are based on historical annual merit, market and promotional increase and expected future inflation rates.

The key assumptions in determining the present value of the defined retirement benefit obligation of the General Insurance subsidiary is disclosed in Note 26 to the financial statements.

As at 30 June 2023, the retirement benefit liability stood at RM2,632,000 (30.6.2022: RM694,000) with retirement benefit costs of RM2,268,000 (30.6.2022: RM1,127,000) recognised in profit or loss.

### (e) Impairment assessment on insurance receivables

The General Insurance subsidiary uses a simplified approach in the calculation of its ECL on its insurance receivables by using a provision matrix that specifies the fixed provision rates. It considers how the current and forward-looking information might affect the customer's historical default rates and consequently, how the information would affect the current expectations and estimates of ECL.

Historical credit loss rate is computed using the net flow rate of the ageing of receivables based on the number of days it is past due. Whereas, forward looking rate is derived by using forecast information of macroeconomic factors such as gross domestic product and inflation rates through regression analysis. The assessment of the correlation amongst the historical credit loss rates, forecast economic conditions and ECL is a significant estimate. Thereby, changes in circumstances and forecast on economic conditions will greatly impact the ECL calculation which later may not be a representation of the customer's actual default in the future.

As at 30 June 2023, the carrying values of insurance receivables of the General Insurance subsidiary, net of impairment loss allowance, amounted to RM42,079,000 (30.6.2022: RM47,504,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES** (continued)

**(f) Impairment assessment on receivables from money lending and other credit facilities and factoring business**

The Group applies the general 3-stage approach to measure ECL on its receivables from money lending and other credit facilities and factoring business.

A summary of the assumptions underpinning the Group's ECL model on these receivables is as follows:

| Category | The Group's definition of category | Basis for recognising ECL |
|---|---|---|
| Performing (Stage 1) | Debtors have a low risk of default and a strong capacity to meet contractual cashflows | 12-month ECL |
| Underperforming (Stage 2) | Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayment are 30 days past due | Lifetime ECL (not credit-impaired) |
| Non-performing (Stage 3) | Interest and/or principal repayments where there is evidence indicating the asset is credit-impaired | Lifetime ECL (credit-impaired) |

Based on the above, impairment loss allowance is measured on either 12-month ECL or lifetime ECL, by considering the likelihood that the receivable would be able to repay during the contractual period, the percentage of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. In addition, forward-looking information such as the macroeconomic conditions has been incorporated into the determination of ECL.

As at 30 June 2023, the carrying values of receivables from money lending and other credit activities, net of allowance for impairment loss allowance, amounted to RM47,952,000 (30.6.2022: RM47,800,000) and the carrying values of factoring receivables, net of impairment loss allowance, amounted to RM8,242,000 (30.6.2022: RM12,010,000).

**(g) Significant judgements and assumptions in relation to leases**

The Group assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 4 PROPERTY, PLANT AND EQUIPMENT

| GROUP | Note | Leasehold land | Buildings | Furniture, fittings and equipment | Motor vehicles | Renovation | Work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost** | | | | | | | | |
| At 1 January 2021 | | 178 | 817 | 12,104 | 2,400 | 9,007 | - | 24,506 |
| Additions | | - | - | 6,466 | 110 | 4,745 | 3,676 | 14,997 |
| Disposals | | - | - | (33) | (341) | (2) | - | (376) |
| Acquisitions though business combinations | 49(d) | - | - | 349 | - | 122 | - | 471 |
| Effect of movements in exchange rates | | - | (36) | (83) | (44) | (70) | - | (233) |
| At 30 June 2022 / 1 July 2022 | | 178 | 781 | 18,803 | 2,125 | 13,802 | 3,676 | 39,365 |
| Additions | | - | - | 2,376 | 316 | 768 | 3,048 | 6,508 |
| Disposals | | - | - | (87) | (337) | - | - | (424) |
| Written off | | - | - | (270) | - | (212) | - | (482) |
| Reclassification | | - | - | 1,787 | - | 1,424 | (3,211) | - |
| Transfer to intangible assets | 7 | - | - | - | - | - | (119) | (119) |
| Effect of movements in exchange rates | | - | 42 | 103 | 49 | 86 | - | 280 |
| At 30 June 2023 | | 178 | 823 | 22,712 | 2,153 | 15,868 | 3,394 | 45,128 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 4 PROPERTY, PLANT AND EQUIPMENT (continued)

| GROUP | Note | Leasehold land | Buildings | Furniture, fittings and equipment | Motor vehicles | Renovation | Work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2021 | | 12 | 389 | 4,437 | 990 | 2,754 | - | 8,582 |
| Depreciation for the financial period | 35 | - | 61 | 3,765 | 397 | 2,281 | - | 6,504 |
| Amortisation for the financial period | 35 | 2 | - | - | - | - | - | 2 |
| Disposals | | - | - | (18) | (294) | (2) | - | (314) |
| Effect of movements in exchange rates | | - | (19) | (66) | (28) | (70) | - | (183) |
| At 30 June 2022 / 1 July 2022 | | 14 | 431 | 8,118 | 1,065 | 4,963 | - | 14,591 |
| Depreciation for the financial year | 35 | - | 39 | 3,060 | 278 | 1,847 | - | 5,224 |
| Amortisation for the financial year | 35 | 1 | - | - | - | - | - | 1 |
| Disposals | | - | - | (71) | (216) | - | - | (287) |
| Written off | | - | - | (219) | - | (193) | - | (412) |
| Effect of movements in exchange rates | | - | 25 | 125 | (8) | 84 | - | 226 |
| At 30 June 2023 | | 15 | 495 | 11,013 | 1,119 | 6,701 | - | 19,343 |
| **Accumulated impairment loss** | | | | | | | | |
| At 1 January 2021 / 30 June 2022 / 1 July 2022 / 30 June 2023 | | 56 | - | - | - | - | - | 56 |
| **Carrying amounts** | | | | | | | | |
| At 1 January 2021 | | 110 | 428 | 7,667 | 1,410 | 6,253 | - | 15,868 |
| At 30 June 2022 | | 108 | 350 | 10,685 | 1,060 | 8,839 | 3,676 | 24,718 |
| At 30 June 2023 | | 107 | 328 | 11,699 | 1,034 | 9,167 | 3,394 | 25,729 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 4 PROPERTY, PLANT AND EQUIPMENT (continued)

| COMPANY | Note | Furniture, fittings and equipment | Motor vehicles | Renovation | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost** | | | | | |
| At 1 January 2021 | | 1,578 | 301 | 831 | 2,710 |
| Additions | | 55 | - | - | 55 |
| At 30 June 2022 / 1 July 2022 | | 1,633 | 301 | 831 | 2,765 |
| Additions | | 41 | - | - | 41 |
| Written off | | (20) | - | - | (20) |
| At 30 June 2023 | | 1,654 | 301 | 831 | 2,786 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2021 | | 1,276 | 67 | 706 | 2,049 |
| Depreciation for the financial period | 35 | 151 | 44 | 88 | 283 |
| At 30 June 2022 / 1 July 2022 | | 1,427 | 111 | 794 | 2,332 |
| Depreciation for the financial year | 35 | 66 | 30 | 6 | 102 |
| Written off | | (19) | - | - | (19) |
| At 30 June 2023 | | 1,474 | 141 | 800 | 2,415 |
| **Carrying amounts** | | | | | |
| At 1 January 2021 | | 302 | 234 | 125 | 661 |
| At 30 June 2022 | | 206 | 190 | 37 | 433 |
| At 30 June 2023 | | 180 | 160 | 31 | 371 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 5 RIGHT OF USE ASSETS AND LEASE LIABILITIES

### (a) Right-of-use ("ROU") assets

| GROUP | Note | Office buildings | Furniture, fittings and equipment | Motor vehicles | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 13,437 | 99 | - | 13,536 |
| Additions | | 31,038 | 125 | 158 | 31,321 |
| Derecognition | | (229) | - | - | (229) |
| Acquisitions though business combinations | 49(d) | 564 | - | - | 564 |
| Adjustment arising from the remeasurement during the financial period | | 11,648 | - | - | 11,648 |
| Depreciation for the financial period | 35 | (19,259) | (73) | (72) | (19,404) |
| Effect of movements in exchange rates | | (38) | - | - | (38) |
| At 30 June 2022 / 1 July 2022 | | 37,161 | 151 | 86 | 37,398 |
| Additions | | 20,339 | 348 | - | 20,687 |
| Derecognition | | (56) | - | - | (56) |
| Adjustment arising from the remeasurement during the financial year | | (470) | - | - | (470) |
| Impairment loss during the financial year | 34 | (682) | - | - | (682) |
| Depreciation for the financial year | 35 | (14,029) | (135) | (79) | (14,243) |
| Effect of movements in exchange rates | | 83 | - | - | 83 |
| At 30 June 2023 | | 42,346 | 364 | 7 | 42,717 |

| COMPANY | Note | Office buildings |
|---|---|---|
| | | RM'000 |
| At 1 January 2021 | | 1,187 |
| Depreciation for the financial period | 35 | (610) |
| At 30 June 2022 / 1 July 2022 | | 577 |
| Depreciation for the financial year | 35 | (407) |
| At 30 June 2023 | | 170 |

The Group leases various rental contracts with third parties mainly comprise commercial offices, hotel rooms and buildings, restaurants and pubs, motor vehicles, photocopiers, computers and cafeteria furniture and fittings. The leases are typically made up for a period of 1 to 15 years, with extension options exercisable by the Group and the Company.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 5 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

### (b) Lease liabilities

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | 38,937 | 34,353 | - | 186 |
| Current | 13,636 | 10,933 | 186 | 423 |
| Total lease liabilities | 52,573 | 45,286 | 186 | 609 |

The movement of lease liabilities during the financial year is as follows:

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | | 45,286 | 14,133 | 609 | 1,183 |
| Acquisitions though business combinations | 49(d) | - | 622 | - | - |
| Additions | | 20,687 | 31,321 | - | - |
| Derecognition | | (44) | (236) | - | - |
| Adjustment arising from the remeasurement during the financial year/period | | (587) | 12,778 | - | - |
| Lease interests | 37 | 2,925 | 3,499 | 33 | 110 |
| Rebate on fixed lease payment | | - | (67) | - | - |
| Payments of: | | | | | |
| - principal | | (12,855) | (13,241) | (423) | (574) |
| - lease interests | | (2,925) | (3,499) | (33) | (110) |
| | | (15,780) | (16,740) | (456) | (684) |
| Effect of movements in exchange rates | | 86 | (24) | - | - |
| At 30 June | | 52,573 | 45,286 | 186 | 609 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 5 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

The following are other expenses relating to leases for the Group and the Company recognised in profit or loss:

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Lease payments on short-term leases | 35 | 1,340 | 382 | - | - |
| Lease payments on low-value assets leases | 35 | 90 | 249 | 19 | 42 |

## 6 INVESTMENT PROPERTIES

Investment properties comprise leasehold land and buildings.

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | | 49,703 | 51,293 | 26,790 | 28,480 |
| Additions from subsequent expenditures | | 13 | 134 | - | 133 |
| Transfer from other receivable | 16(d) | 17,995 | - | - | - |
| Disposals | | (131) | - | (131) | - |
| Change in fair value recognised in profit or loss | 32 | 16,781 | (1,511) | 131 | (1,823) |
| Effect of movements in exchange rates | | 4,086 | (213) | - | - |
| At 30 June | | 88,447 | 49,703 | 26,790 | 26,790 |

The following are recognised in profit or loss in respect of investment properties:

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental income | 29 | 736 | 183 | 160 | 26 |
| Direct operating expenses: | | | | | |
| - income generating investment properties | 35 | (1,588) | (1,547) | (962) | (801) |
| - non-income generating investment properties | 35 | (157) | (285) | - | (23) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 6 INVESTMENT PROPERTIES (continued)

**Fair value information**

Investment properties are stated at fair values, which have been determined based on valuations performed by external independent professional valuers at the statement of financial position date. Valuations are performed annually based on the properties' fair market value using the direct sale comparison. The change in fair value is recognised in profit or loss.

Fair value of investment properties are categorised as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Level 3 fair value | 88,447 | 49,703 | 26,790 | 26,790 |

**Level 3 fair value**

The Level 3 unobservable input used in the valuation of investment properties is the price per square foot ("psf") which is derived from the selling price of comparable properties, adjusted for differences in location, property size, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building, finishes and services and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

**Transfer between levels**

The Group and the Company's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period. There was no transfer between levels during the financial year ended 30 June 2023 (30 June 2022: no transfer).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**6 INVESTMENT PROPERTIES** (continued)

The following tables show the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

| | | | | | | | | GROUP |
|---|---|---|---|---|---|---|---|---|
| | | | | | 30.6.2023 | | | 30.6.2022 |
| Investment property | Valuation technique | Unobservable inputs | Fair value | Input | Sensitivity in average price per input +/-5% | Fair value | Input | Sensitivity in average price per input +/-5% |
| | | | RM'000 | RM | RM'000 | RM'000 | RM | RM'000 |
| Retail units, office suites and parking bays | Comparison method | Average price per square feet | 26,790 | 202 to 630 | +1,340<br>-1,340 | 26,790 | 146 to 592 | +1,340<br>-1,340 |
| | Comparison method | Average price per parking bay | | 40,000 to 48,000 | | | 39,294 to 45,455 | |
| Apartment in London | Comparison method | Average price per square feet | 8,985 | 6,915 to 7,871 | +449<br>-449 | 8,102 | 5,698 to 10,133 | +405<br>-405 |
| Villa in Bali | Comparison method | Average price per square meter | 9,314 | 5,158 | +466<br>-466 | 9,088 | 4,396 to 4,982 | +454<br>-454 |
| Condominium units in Manila | Sales market approach | Average price per square meter | 8,852 | 4,897 to 5,995 | +443<br>-443 | 5,723 | 3,581 to 3,605 | +286<br>-286 |
| Villa Porro Pirelli | Comparison method | Average price per square feet | 34,506 | 1,270 to 3,810 | +1,725<br>-1,725 | - | - | - |
| | | | 88,447 | | | 49,703 | | |

| | | | | | | | | COMPANY |
|---|---|---|---|---|---|---|---|---|
| | | | | | 30.6.2023 | | | 30.6.2022 |
| Investment property | Valuation technique | Unobservable inputs | Fair value | Input | Sensitivity in average price per input +/-5% | Fair value | Input | Sensitivity in average price per input +/-5% |
| | | | RM'000 | RM | RM'000 | RM'000 | RM | RM'000 |
| Retail units, office suites and parking bays | Comparison method | Average price per square feet | 26,790 | 202 to 630 | +1,340<br>-1,340 | 26,790 | 146 to 592 | +1,340<br>-1,340 |
| | Comparison method | Average price per parking bay | | 40,000 to 48000 | | | 39,294 to 45,455 | |
| | | | 26,790 | | | 26,790 | | |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 7 INTANGIBLE ASSETS

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost** | | | | | |
| At 1 July 2022 / 1 January 2021 | | 2,652 | 2,251 | 687 | 642 |
| Additions | | 78 | 410 | 1 | 45 |
| Transfer from property, plant and equipment | 4 | 119 | - | - | - |
| Written off | | (1) | - | (1) | - |
| Effect of movements in exchange rates | | 12 | (9) | - | - |
| At 30 June | | 2,860 | 2,652 | 687 | 687 |
| **Accumulated amortisation** | | | | | |
| At 1 July 2022 / 1 January 2021 | | 1,332 | 907 | 652 | 632 |
| Amortisation for the financial year/period | 35 | 249 | 428 | 12 | 20 |
| Written off | | (1) | - | (1) | - |
| Effect of movements in exchange rates | | 6 | (3) | - | - |
| At 30 June | | 1,586 | 1,332 | 663 | 652 |
| **Accumulated impairment loss** | | | | | |
| At 1 July 2022 / 1 January 2021 | | 212 | - | - | - |
| Impairment loss | 34 | 247 | 212 | - | - |
| At 30 June | | 459 | 212 | - | - |
| **Carrying amounts** | | | | | |
| At 30 June | | 815 | 1,108 | 24 | 35 |

Intangible assets comprise software, web portal and applications, which consists mainly of development costs and costs that are directly associated with identifiable software systems controlled by the Group and the Company, that do not form the integral part of the hardware, and that will generate economic benefits exceeding costs beyond one year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 8 GOODWILL ON BUSINESS COMBINATIONS

| | | GROUP | |
|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 |
| **Cost** | | | |
| At 1 July 2022 / 1 January 2021 | | 42,233 | 39,668 |
| Acquisitions through business combinations | 49 (c),(d) | - | 2,565 |
| At 30 June | | 42,233 | 42,233 |
| **Impairment loss** | | | |
| At 1 July 2022 / 1 January 2021 | | 15,322 | 8,781 |
| Impairment loss | 34 | - | 6,541 |
| At 30 June | | 15,322 | 15,322 |
| **Carrying amounts** | | | |
| At 30 June | | 26,911 | 26,911 |

The goodwill is mainly arising from the acquisition of Scholastic IB International Sdn Bhd ("SIB") as follow:

The Group recognised a goodwill of approximately RM26.6 million from the acquisition of SIB in 2019. SIB has three wholly owned subsidiaries, namely St. John's International Edu Group Sdn Bhd ("SJI"), St. John's International (Campus 2) Sdn Bhd and Alfaakademik Sdn Bhd.

The recoverable amount of the SIB was based on its value-in-use determined by discounting future cash flows to be generated by the SJI. The recoverable amount of this unit was determined to be higher than its carrying amount and hence no impairment (30.6.2022: nil) was recognised.

Value-in-use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan.
- The anticipated annual revenue growth included in the cash flow projections was based on expected growth levels for the next five years.
- Direct Costs, Selling, Distribution and Other Administration Costs, based on experience, was estimated to be in line with revenue growth.
- A post-tax discount rate of 7.92% (30.6.2022: 7.05%) was applied in determining the recoverable amount of the unit.

The values assigned to the key assumptions represent management's assessment of future trends in the education industry and are based on both external sources and internal sources (historical data).

The Group will not suffer any impairment loss even if the above estimates experienced an increase in 1% and 2% (30.6.2022: 1% and 2%%) in the discount rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES

| | COMPANY | |
|---|---|---|
| | 30.6.2023 | Restated 30.6.2022 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost | 272,010 | 256,246 |
| Less: Impairment loss | (134,517) | (117,867) |
| **Net carrying amounts** | 137,493 | 138,379 |

On 15 June 2023, the Company subscribed for additional 15,764,000 new ordinary shares at an issue price of RM1.00 each held in the capital of MAA Corporation Sdn Bhd for a total consideration of RM15,764,000 by capitalisation of the inter-company balances due of RM15,764,000 to the Company.

The movement of impairment loss on investment in a subsidiary is as follows:

| | | COMPANY | |
|---|---|---|---|
| | Note | 30.6.2023 | Restated 30.6.2022 |
| | | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | | 117,867 | 155,498 |
| Net remeasurement of impairment loss | 34 | 16,650 | (37,631) |
| At 30 June | | 134,517 | 117,867 |

As at 30 June 2023, the wholly-owned subsidiary of the Company has reported continuing operating losses. These are indicators that the investment in the subsidiary may be impaired. The Company has assessed the recoverable amount of the investment in the subsidiary to compare with the carrying amount. This resulted in accumulated impairment losses on its investment in the subsidiary of RM134,517,000 (30.6.2022: RM117,867,000).

Details of the subsidiaries are as follows:

| | | | Effective ownership interest and voting interest | |
|---|---|---|---|---|
| **Name of subsidiary** | **Country of incorporation/ Principal place of business** | **Principal activities** | **30.6.2023** | **30.6.2022** |
| | | | % | % |
| MAA Corporation Sdn Bhd% | Malaysia | Providing property management services and investment holding | 100 | 100 |
| Subsidiaries of MAA Corporation Sdn Bhd | | | | |
| MAA-Medicare Sdn Bhd | Malaysia | Investment holding and established MAA-Medicare Charitable Foundation with the trustee under a Trust Deed to provide care and treatment for kidney and heart patients | 100 | 100 |
| MAA International Group Ltd% | Labuan, Malaysia | Investment holding | 100 | 100 |
| MAA International Investments Ltd% | Labuan, Malaysia | Investment holding | 100 | 100 |
| Maax Capital Sdn Bhd% | Malaysia | Investment holding | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest 30.6.2023 | 30.6.2022 |
|---|---|---|---|---|
| | | | % | % |
| Subsidiaries of MAA Corporation Sdn Bhd (continued) | | | | |
| MAACA Legal Advisory Sdn Bhd | Malaysia | Providing advisory and consultancy services | 100 | 100 |
| Menang Bernas Sdn Bhd | Malaysia | Property investment, development and other related services | 100 | 100 |
| Maaxsite Sdn Bhd# | Malaysia | E-Commerce and E-Business | 100 | 100 |
| Edumaax Sdn Bhd | Malaysia | Investment holding and provision of education services and operations of education tuition centres | 100 | 100 |
| Kasturi Services Sdn Bhd# | Malaysia | Carry on the business of rent-to-rent and providing rental management services | 100 | 100 |
| Hospitality 360 Sdn Bhd# | Malaysia | Investment holding and providing hotel management and consultancy services | 51 | 51 |
| 10Star Cinemas Sdn Bhd% | Malaysia | Entertainment, film distribution and cinema business | 60 | 60 |
| MAA Bancwell Trustee Berhad [(1)] | Malaysia | Inactive | 60 | 60 |
| MAA Holdings (BVI) Ltd#@ | British Virgin Islands | Providing insurance technical and financial consultancy services | 100 | 100 |
| Glovtec Sdn Bhd#@ | Malaysia | Dormant | 100 | 100 |
| Subsidiary of MAA International Group Ltd | | | | |
| MAA General Assurance Philippines, Inc.# *(note a)* | Philippines | General insurance business | 100 | 99 |
| Subsidiaries of MAA International Investments Ltd | | | | |
| MAA Mutualife Philippines, Inc.# | Philippines | Inactive | 100 | 100 |
| MAA Capital Singapore Pte Ltd#@ | Singapore | Investment holding | 100 | 100 |

[(1)] 20% equity interests are equally held by the Company, MAA Corporation Sdn Bhd and MAA Credit Berhad.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest 30.6.2023 | 30.6.2022 |
|---|---|---|---|---|
| | | | % | % |
| Subsidiaries of Edumaax Sdn Bhd | | | | |
| Kasturi Academy Sdn Bhd[%] | Malaysia | Provision of education services and operations of education tuition centres | 100 | 100 |
| Scholastic IB International Sdn Bhd | Malaysia | Investment holding | 90 | 90 |
| Imperium Edumaax Sdn Bhd[%] | Malaysia | Carry on the business of a commercial college for higher education | 100 | 100 |
| Edumaax Professional Center Sdn Bhd[%] | Malaysia | Dormant | 100 | 100 |
| Edumaax Liberty Sdn Bhd | Malaysia | Dormant | 100 | 100 |
| Imperium Education Sdn Bhd (formerly known as Edumaax Cheltcol Sdn Bhd)[%] | Malaysia | Dormant | 100 | 100 |
| Edumaax S.P.A.[#] | Italy | Dormant | 100 | 100 |
| Subsidiaries of Scholastic IB International Sdn Bhd | | | | |
| St. John's International Edu Group Sdn Bhd | Malaysia | Providing education and related services | 90 | 90 |
| Alfaakademik Sdn Bhd | Malaysia | Providing education and related services | 90 | 90 |
| St. John's International (Campus 2) Sdn Bhd | Malaysia | Dormant | 90 | 90 |
| Subsidiaries of Maax Capital Sdn Bhd | | | | |
| MAA Credit Berhad[%] | Malaysia | Money lending, hire purchase and other credit activities | 100 | 100 |
| Maax Factor Sdn Bhd[#] | Malaysia | Providing debt factoring services | 100 | 100 |
| Maax Fidelity Berhad[#] | Malaysia | Providing consultancy, advisory and liaison services in respect of agency business, managing financial and general agents, commercial agents, investors, franchisers and brokers | 100 | 100 |
| Maax Finnion Sdn Bhd *(note c)* | Malaysia | Dormant | 100 | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest 30.6.2023 | 30.6.2022 |
|---|---|---|---|---|
| | | | % | % |
| Subsidiaries of Hospitality 360 Sdn Bhd | | | | |
| Trinidad Cigar Company Sdn Bhd# | Malaysia | Retailer in cigars | 51 | 51 |
| Medianworks Sdn Bhd# | Malaysia | Reseller of member loyalty program | 51 | 51 |
| Medianworks Facility Management Sdn Bhd# | Malaysia | Facility management | 51 | 51 |
| Trinidad Hotel Kuantan Sdn Bhd# | Malaysia | Hotel business | 51 | 51 |
| Home 180 Sdn Bhd# | Malaysia | Dormant | 51 | 51 |
| Asiawide Hospitality Group Sdn Bhd# | Malaysia | Advisor and manager of hotel management | 36 | 36 |
| Trisend Logistic Technologies Sdn Bhd# | Malaysia | Operator of logistics and dispatch services | 51 | 51 |
| Trinidad Signature Suites Sdn Bhd# | Malaysia | Hotel business | 33 | 33 |
| Dine 360 Sdn Bhd# | Malaysia | Pub and café operator | 51 | 51 |
| Travel Club 360 Sdn Bhd# *(note b)* | Malaysia | Dormant | 31 | 26 |
| Decorzo Space Sdn Bhd# | Malaysia | Renovation | 31 | 31 |
| Perfect Host (M) Sdn Bhd# | Malaysia | Operator and manager of short-term accommodation in properties | 41 | 41 |
| Staysuites Group Sdn Bhd# | Malaysia | Operator and manager of short-term accommodation in properties | 26 | 26 |
| Global Champ Sdn Bhd# | Malaysia | Investment holding | 51 | 51 |
| Ruby Luxury Sdn Bhd# | Malaysia | Hotel operators | 51 | 51 |
| Infiniti Indah Sdn Bhd# | Malaysia | Facility management | 51 | 51 |
| Nova Blaze Sdn Bhd# | Malaysia | Hotel operators | 51 | 51 |
| Cigarmaax Limited# | United Arab Emirates | Dormant | 51 | 51 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

| Name of subsidiary | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest 30.6.2023 | 30.6.2022 |
|---|---|---|---|---|
| | | | % | % |
| Subsidiaries of Hospitality 360 Sdn Bhd (continued) | | | | |
| Trifecta Hospitality Sdn Bhd (formerly known as Prosper Magnum Sdn Bhd)# | Malaysia | Engaged in the running of a hotel business | 26 | 26 |
| Magnum Glory Sdn Bhd# *(note b)* | Malaysia | Dormant | 51 | - |
| Subsidiaries of Trinidad Signature Suites Sdn Bhd | | | | |
| NS Global Management Sdn Bhd# | Malaysia | Dormant | 33 | 33 |
| Clear Dynamic Sdn Bhd# | Malaysia | Hotel business | 33 | 33 |
| Luxe Prestige Sdn Bhd# | Malaysia | Hotel management | 33 | 33 |
| Subsidiary of Staysuites Group Sdn Bhd | | | | |
| Staysuites Malaysia Sdn Bhd# | Malaysia | Operator and manager of short-term accommodation in properties | 26 | 26 |
| Subsidiaries of Staysuites Malaysia Sdn Bhd | | | | |
| Vacation Rental Advisory Sdn Bhd# | Malaysia | Operator and manager of short-term accommodation in properties | 13 | 13 |
| Chariskey Suites Sdn Bhd# | Malaysia | Operator and manager of short-term accommodation in properties | 13 | 13 |
| Subsidiary of Dine 360 Sdn Bhd | | | | |
| Primeat Sdn Bhd# | Malaysia | Dormant | 51 | 51 |
| Subsidiary of Perfect Host (M) Sdn Bhd | | | | |
| Luxe Paradigm Sdn Bhd# *(note b)* | Malaysia | Dormant | 41 | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

For financial year ended 30 June 2023:

# Subsidiaries not audited by KPMG PLT.

@ The subsidiary is currently under voluntary winding up. The winding up process has commenced and is expected to be completed within the next financial year.

% The financial statements of these subsidiaries are prepared on a going concern basis as the Company will provide the necessary financial support, as appropriate.

(a) On 26 October 2022, MAA International Group Ltd (“MAAIG”), a wholly owned sub-subsidiary of the Company acquired 7,140 ordinary shares representing 1.05% of the share capital of MAA General Assurance Philippines, Inc. (“MAAGAP”) from a minority shareholder Daniel C. Go for a total cash consideration of PHP22,116,212.80 or RM1,782,124 (based on exchange rate of PHP100: RM8.06). With the said acquisition, MAAIG’s equity interest in MAAGAP increased from 98.95% to 100%.

(b) Hospitality 360 Sdn Bhd (“H360”), a 51% sub-subsidiary of the Company, had:

- on 6 December 2022, via its subsidiary, Perfect Host (M) Sdn Bhd subscribed for 100 ordinary shares at an issue price of RM1 each, representing 100% of the issued and paid-up capital in a new subsidiary, Luxe Paradigm Sdn Bhd, a company incorporated in Malaysia, for cash purchase consideration of RM100;

- on 15 December 2022, acquired 18,000 ordinary shares representing 9% of the share capital of Travel Club 360 Sdn Bhd (“TC360”) from Lee Yan Sheng for a total consideration of RM1. With the said acquisition, H360’s equity interest in TC360 increased from 51% to 60%; and

- on 16 December 2022, acquired 100 ordinary shares representing 100% of the share capital in Magnum Glory Sdn Bhd from Tan Hou Ham for cash consideration of RM100.

(c) On 24 May 2023, Maax Capital Sdn Bhd, a wholly owned sub-subsidiary of the Company, subscribed for 1,000 ordinary shares at an issue price of RM1 each, representing 100% of the share capital of Maax Finnion Sdn Bhd, a company incorporated in Malaysia, for total consideration of RM1,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

**Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

| | | | | 30.6.2023 |
|---|---|---|---|---|
| **GROUP** | **H360 and its subsidiaries** | **10Star Cinemas Sdn Bhd** | **Other subsidiaries with immaterial NCI** | **Total** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| NCI percentage of ownership interest and voting interest | 49% | 40% | | |
| Carrying amount of NCI | (29,597) | (3,766) | 1,026 | (32,337) |
| Net (loss)/profit allocated to NCI | (8,226) | (2,361) | 628 | (9,959) |
| **Summarised financial information before intra-group elimination** | | | | |
| **As at 30 June 2023** | | | | |
| Non-current assets | 24,912 | 26,228 | | |
| Current assets | 13,964 | 2,410 | | |
| Non-current liabilities | (71,765) | (12,096) | | |
| Current liabilities | (19,613) | (26,202) | | |
| Net liabilities | (52,502) | (9,660) | | |
| NCI | 9,078 | - | | |
| Equity attributable to owners of the company | (43,424) | (9,660) | | |
| **Financial year ended 30 June 2023** | | | | |
| Revenue | 45,169 | 6,509 | | |
| Net loss for the financial year attributable to: | | | | |
| - Owners of the company | (11,378) | (5,904) | | |
| - NCI | (2,651) | - | | |
| Cash flows generated from/(used in): | | | | |
| Operating activities | 1,058 | (1,344) | | |
| Investing activities | (1,167) | (4,295) | | |
| Financing activities | (1,027) | 5,998 | | |
| Net (decrease)/increase in cash and cash equivalents | (1,136) | 359 | | |
| Dividends paid to NCI | - | - | | |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

**Non-controlling interests in subsidiaries** (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

| GROUP | H360 and its subsidiaries | 10Star Cinemas Sdn Bhd | Other subsidiaries with immaterial NCI | Total |
|---|---|---|---|---|
| | | | | **30.6.2022** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| NCI percentage of ownership interest and voting interest | 49% | 40% | | |
| Carrying amount of NCI | (21,775) | (1,405) | 4,326 | (18,854) |
| Net (loss)/profit allocated to NCI | (15,545) | (1,405) | 548 | (16,402) |
| **Summarised financial information before intra-group elimination** | | | | |
| **As at 30 June 2022** | | | | |
| Non-current assets | 28,260 | 15,796 | | |
| Current assets | 14,833 | 1,746 | | |
| Non-current liabilities | (68,446) | (4,889) | | |
| Current liabilities | (13,620) | (16,165) | | |
| Net liabilities | (38,973) | (3,512) | | |
| NCI | 6,586 | - | | |
| Equity attributable to owners of the company | (32,387) | (3,512) | | |
| **Financial period ended 30 June 2022** | | | | |
| | (Note a) | (Note b) | | |
| Revenue | 34,911 | 2,639 | | |
| Net loss for the financial period attributable to: | | | | |
| - Owners of the company | (22,407) | (3,513) | | |
| - NCI | (4,566) | - | | |
| Cash flows generated from/(used in): | | | | |
| Operating activities | (12,716) | (2,357) | | |
| Investing activities | (1,368) | (11,217) | | |
| Financing activities | 15,025 | 13,741 | | |
| Net increase in cash and cash equivalents | 941 | 167 | | |
| Dividends paid to NCI | - | - | | |

[Note a] For the 18 months financial period from 1 January 2021 to 30 June 2022

[Note b] For the 14 months financial period from 6 May 2021 (date of incorporation) to 30 June 2022

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 9 INVESTMENTS IN SUBSIDIARIES (continued)

**Non-controlling interests in subsidiaries** (continued)

The movement of the carrying value of NCI is as follows:

| | Note | H360 and its subsidiaries | 10Star Cinemas Sdn Bhd | Other subsidiaries with immaterial NCI | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | (7,744) | - | 3,755 | (3,989) |
| NCI acquired | 49(c),(d) | 29 | - | 23 | 52 |
| Funds from NCI | | 98 | - | - | 98 |
| Transactions with NCI | 49(e) | 1,387 | - | - | 1,387 |
| NCI share of (loss)/profit | | (15,545) | (1,405) | 548 | (16,402) |
| At 30 June 2022 / 1 July 2022 | | (21,775) | (1,405) | 4,326 | (18,854) |
| Funds from NCI | | 245 | - | - | 245 |
| Transactions with NCI | 49(a),(b) | 159 | - | (3,928) | (3,769) |
| NCI share of (loss)/profit | | (8,226) | (2,361) | 628 | (9,959) |
| At 30 June 2023 | | (29,597) | (3,766) | 1,026 | (32,337) |

## 10 INVESTMENTS IN ASSOCIATES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Quoted shares in Malaysia | 70,930 | 70,930 | 54,530 | 54,530 |
| Unquoted shares, at cost | 1,300 | 1,300 | 100 | 100 |
| Share of post-acquisition loss | (62,686) | (62,832) | - | - |
| Share of post-acquisition reserves | (6,364) | (6,364) | - | - |
| | 3,180 | 3,034 | 54,630 | 54,630 |
| Less: Impairment loss | (2,367) | (2,367) | (32,020) | (21,380) |
| | 813 | 667 | 22,610 | 33,250 |
| Fair value of quoted shares | | | | |
| Level 1 | 29,410 | 43,250 | 22,610 | 33,250 |

The market value of the Group's interest in quoted shares, representing its fair value at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 10 INVESTMENTS IN ASSOCIATES (continued)

The movement of impairment loss on investments in associates is as follows:

| | | GROUP | | | COMPANY |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | | 2,367 | 245 | 21,380 | 100 |
| Derecognition due to step acquisition | | - | (245) | - | - |
| Impairment loss | 34 | - | 2,367 | 10,640 | 21,280 |
| At 30 June | | 2,367 | 2,367 | 32,020 | 21,380 |

Details of the associates are as follows:

| Name of associate | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest 30.6.2023 | Effective ownership interest and voting interest 30.6.2022 |
|---|---|---|---|---|
| | | | % | % |
| KNM Group Berhad *(Note a)* | Malaysia | Investment holding and the provision of management services | 8.56 | 9.41 |
| Associate of Maax Capital Sdn Bhd | | | | |
| MicroLEAP PLT | Malaysia | Operating of peer-to-peer ("P2P") lending platform | 35.2 | 35.2 |
| Associates of Hospitality 360 Sdn Bhd | | | | |
| Trinidad Distributors (EM) Sdn Bhd | Malaysia | Retail and distribution of cigars and related accessories | 26 | 26 |
| Trisend Logistic Holdings Pte Ltd | Singapore | Dormant | 26 | 26 |
| RS Design & Renovation (M) Sdn Bhd | Malaysia | Renovation | 15 | 15 |

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

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

During the current financial year, there is no change in the Group's investment in KNM Group. KNM Group has issued new share capital, hence resulting in the decrease of effective ownership interest and voting interest of the Group's investment in KNM Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 10 INVESTMENTS IN ASSOCIATES (continued)

A reconciliation of the summarised financial information presented to the carrying value of the Group's interest in associates is as follows:

| | Note | H360 Group | MicroLEAP PLT | KNM Group | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 22 | 1,203 | - | 1,225 |
| Transfer from investments | 11 | - | - | 70,930 | 70,930 |
| Share of profit/(loss) | | 12 | (83) | (62,686) | (62,757) |
| Share of other comprehensive loss | | - | - | (6,364) | (6,364) |
| Impairment loss | 34 | - | (487) | (1,880) | (2,367) |
| At 30 June 2022 / 1 July 2022 | | 34 | 633 | - | 667 |
| Share of profit | | 14 | 132 | - | 146 |
| At 30 June 2023 | | 48 | 765 | - | 813 |

In the opinion of the Directors, the associate that is material to the Group is as follows:

| Name of entity | Nature of relationship |
|---|---|
| KNM Group Berhad | The investment was mainly for investment holding purpose. KNM Group is material to the Group due to significant influence established as disclosed in Note 10(a) to the financial statements. |

The following table summarises the financial information of the Group's investment in KNM Group is as follows:

**Summarised statement of financial position**

| | 30.6.2023 | 30.6.2022 |
|---|---|---|
| | RM'000 | RM'000 |
| Non-current assets | 1,962,200 | 1,197,795 |
| Current assets | 1,386,352 | 1,882,627 |
| Non-current liabilities | (376,044) | (254,760) |
| Current liabilities | (2,200,147) | (1,993,406) |
| Net assets | 772,361 | 832,256 |
| NCI | 92,878 | 66,678 |
| Equity attributable to owners of the company | 865,239 | 898,934 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 10 INVESTMENTS IN ASSOCIATES (continued)

The following table summarises the financial information of the Group's investment in KNM Group is as follows (continued):

**Summarised statement of comprehensive income**

| | 12 months ended 30.6.2023 | 18 months ended 30.6.2022 |
|---|---|---|
| | RM'000 | RM'000 |
| Revenue | | |
| - Continuing operations | 1,071,052 | 478,718 |
| - Discontinued operations | - | 957,677 |
| | 1,071,052 | 1,436,395 |
| Loss before tax | (83,466) | (925,880) |
| Tax expense | (26,436) | (926) |
| Loss from continuing operations | (109,902) | (926,806) |
| (Loss)/Profit from discontinued operation, net of tax | (63,883) | 62,146 |
| Loss for the financial year/period | (173,785) | (864,660) |
| Other comprehensive income/(loss) | 80,709 | (161,637) |
| Total comprehensive loss for the financial year/period | (93,076) | (1,026,297) |
| Net loss for the financial year/period attributable to: | | |
| - Owners of the company | (157,060) | (826,581) |
| - NCI | (16,725) | (38,079) |
| | (173,785) | (864,660) |
| Total comprehensive loss for the financial year/period attributable to: | | |
| - Owners of the company | (66,877) | (985,193) |
| - NCI | (26,199) | (41,104) |
| | (93,076) | (1,026,297) |

**Accumulated unrecognised share of losses**

| | | KNM Group |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Accumulated losses | (259,456) | (166,380) |
| Interest in associates | 8.56% | 9.41% |
| Accumulated unrecognised share of losses | (22,209) | (15,655) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS

The Group's and the Company's investments comprise of the following:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Government debt securities | 96,259 | 63,656 | - | - |
| Corporate debt securities | 120,013 | 111,798 | - | - |
| Equity securities | 102,413 | 110,328 | 13,796 | 13,583 |
| Unit trusts | 452 | 401 | 43 | - |
| Investment notes | 3,480 | 2,725 | - | - |
| | 322,617 | 288,908 | 13,839 | 13,583 |

### (a) Fair value through profit or loss ("FVTPL")

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>At fair value</u> | | | | |
| Equity securities | | | | |
| - Quoted in Malaysia | 135 | 239 | 135 | 239 |
| - Quoted outside Malaysia | 58,337 | 63,067 | 13,661 | 13,344 |
| - Unquoted outside Malaysia | 25,205 | 22,562 | - | - |
| | 83,677 | 85,868 | 13,796 | 13,583 |
| Unit trusts | | | | |
| - Unquoted in Malaysia | 409 | 401 | - | - |
| - Quoted outside Malaysia | 43 | - | 43 | - |
| | 452 | 401 | 43 | - |
| | 84,129 | 86,269 | 13,839 | 13,583 |

### (b) Fair value through other comprehensive income ("FVOCI")

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| <u>At fair value</u> | | |
| Government debt securities quoted outside Malaysia | 66,835 | 45,645 |
| Corporate debt securities quoted outside Malaysia | 1,385 | 1,350 |
| Equity securities | | |
| - Quoted outside Malaysia | 17,751 | 22,292 |
| - Unquoted in Malaysia | 100 | 100 |
| - Unquoted outside Malaysia | 885 | 2,068 |
| | 18,736 | 24,460 |
| | 86,956 | 71,455 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS (continued)

### (b) Fair value through other comprehensive income ("FVOCI") (continued)

The Group has irrevocably elected non-trading equity securities at initial recognition to present its fair value changes in other comprehensive income. The Group considers this classification to be more relevant as these equity securities investments are strategic investments of the Group and not held for trading purpose.

Equity securities at FVOCI comprise the following individual investments:

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Quoted: | | |
| Ayala Corporation Preferred B Series 2 | 4,095 | 4,014 |
| San Miguel Corporation Preferred Series 2K | 3,830 | 3,887 |
| San Miguel Corporation Preferred Series 2H | - | 2,916 |
| Petron Corporation Perpetual Preferred Series 3B | 2,541 | 2,552 |
| Century Properties Group Preferred A | 2,579 | 2,427 |
| Petron Corporation Perpetual Preferred Series 3A | 2,520 | 2,512 |
| Phoenix Perpetual Preferred Series 4 | 523 | 1,490 |
| San Miguel Corporation Preferred Series 2H | - | 1,287 |
| Ayala Corporation Preferred B Series 1 | 844 | 803 |
| Jollibee Foods Corporation Preferred Shares Series B | 422 | 387 |
| JFC PFD Shares Series B | 382 | - |
| National Reinsurance Corporation of the Philippines | 12 | 14 |
| PLDT Inc. | 2 | 2 |
| SM Prime Holdings Inc. | 1 | 1 |
| | 17,751 | 22,292 |
| Unquoted: | | |
| Torre Lorenzo Development Corporation Series C-2 | 844 | 801 |
| Alabang Country Club Series B | - | 625 |
| Sta. Elena Golf Club Shares | - | 601 |
| Hosastay Sdn Bhd | 100 | 100 |
| Isend-Phil Logistic Co Ltd | 39 | 39 |
| Philippines Machinery Management Services Corporation | 2 | 2 |
| | 985 | 2,168 |
| | 18,736 | 24,460 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS (continued)

### (c) Amortised cost ("AC")

| | Note | GROUP 30.6.2023 RM'000 | GROUP 30.6.2022 RM'000 |
|---|---|---|---|
| At amortised cost | | | |
| Government debt securities quoted outside Malaysia | | | |
| Gross carrying amounts | | 29,438 | 18,025 |
| Less: Impairment loss | 43.4 | (14) | (14) |
| | | 29,424 | 18,011 |
| Corporate debt securities quoted outside Malaysia | | | |
| Gross carrying amounts | | 118,817 | 111,814 |
| Less: Impairment loss | 43.4 | (189) | (1,366) |
| | | 118,628 | 110,448 |
| Investment notes unquoted in Malaysia | | | |
| Gross carrying amounts | | 3,739 | 2,725 |
| Less: Impairment loss | 43.4 | (259) | - |
| | | 3,480 | 2,725 |
| | | 151,532 | 131,184 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS (continued)

**Carrying values of investments**

The movement in carrying values of the Group's and the Company's investments by measurement category are as follows:

| GROUP | Note | FVTPL | FVOCI | AC | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 202,377 | 76,992 | 137,331 | 416,700 |
| Additions | | 367,830 | 562,319 | 30,989 | 961,138 |
| Disposals/maturities | | (388,354) | (558,575) | (31,246) | (978,175) |
| Transfer to investments in associates | 10 | (70,930) | - | - | (70,930) |
| Dividend income capitalised | | 92 | - | - | 92 |
| Fair value losses recognised in: | | | | | |
| - profit or loss | 32 | (26,121) | - | - | (26,121) |
| - other comprehensive income | | - | (6,023) | - | (6,023) |
| Impairment loss | | - | - | (208) | (208) |
| Unrealised foreign exchange gain | | 959 | - | - | 959 |
| Effect of movements in exchange rates | | 416 | (3,258) | (5,682) | (8,524) |
| At 30 June 2022 / 1 July 2022 | | 86,269 | 71,455 | 131,184 | 288,908 |
| Additions | | 3,773 | 353,784 | 43,453 | 401,010 |
| Disposals/maturities | | (24,506) | (341,071) | (31,041) | (396,618) |
| Fair value gains/(losses) recognised in: | | | | | |
| - profit or loss | 32 | 14,686 | - | - | 14,686 |
| - other comprehensive income | | - | (1,152) | - | (1,152) |
| Reversal of impairment loss | | - | - | 955 | 955 |
| Unrealised foreign exchange gain | | 10 | - | - | 10 |
| Effect of movements in exchange rates | | 3,897 | 3,940 | 6,981 | 14,818 |
| At 30 June 2023 | | 84,129 | 86,956 | 151,532 | 322,617 |

| COMPANY | Note | FVTPL |
|---|---|---|
| | | RM'000 |
| At 1 January 2021 | | 142,690 |
| Additions | | 149,060 |
| Disposals | | (214,568) |
| Transfer to investments in associates | 10 | (54,530) |
| Fair value losses recognised in profit or loss | 32 | (10,028) |
| Unrealised foreign exchange gain | | 959 |
| At 30 June 2022 / 1 July 2022 | | 13,583 |
| Additions | | 395 |
| Disposals | | (12,681) |
| Fair value gains recognised in profit or loss | 32 | 12,532 |
| Unrealised foreign exchange gain | | 10 |
| At 30 June 2023 | | 13,839 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS (continued)

**Fair values of investments**

The fair values of quoted equity securities and unit trusts in and outside Malaysia are determined by reference to their quoted market bid prices at the end of the reporting period.

The fair values of government and corporate debt securities are determined by reference to the quoted market prices within the bid-offer price range, at the close of business at the end of the reporting period or the last trading day as applicable.

The fair values of unquoted equity securities are determined to approximate the net assets value of the investee at the end of the reporting period.

The carrying amounts of investment notes approximate its fair value at the end of reporting period.

The following table shows the Group's investments recorded at fair value at the reporting date analysed by the various level within the fair value hierarchy:

**30 June 2023**

| GROUP | Carrying values | Level 1 | Level 2 | Level 3 | Total fair values |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Investments measured at fair value** | | | | | |
| Investments at FVTPL: | | | | | |
| Equity securities | | | | | |
| - Quoted in Malaysia | 135 | 135 | - | - | 135 |
| - Quoted outside Malaysia | 58,337 | 58,337 | - | - | 58,337 |
| - Unquoted outside Malaysia | 25,205 | - | - | 25,205 | 25,205 |
| Unit trusts | | | | | |
| - Unquoted in Malaysia | 409 | - | 409 | - | 409 |
| - Quoted outside Malaysia | 43 | 43 | - | - | 43 |
| | 84,129 | 58,515 | 409 | 25,205 | 84,129 |
| **Investments measured at fair value** | | | | | |
| Investments at FVOCI: | | | | | |
| Government debt securities quoted outside Malaysia | 66,835 | 66,835 | - | - | 66,835 |
| Corporate debt securities quoted outside Malaysia | 1,385 | 1,385 | - | - | 1,385 |
| Equity securities | | | | | |
| - Quoted outside Malaysia | 17,751 | 17,751 | - | - | 17,751 |
| - Unquoted in Malaysia | 100 | - | - | 100 | 100 |
| - Unquoted outside Malaysia | 885 | - | - | 885 | 885 |
| | 86,956 | 85,971 | - | 985 | 86,956 |
| **Investments for which fair values are disclosed** | | | | | |
| Investments at AC: | | | | | |
| Government debt securities quoted outside Malaysia | 29,424 | 28,295 | - | - | 28,295 |
| Corporate debt securities quoted outside Malaysia | 118,628 | 115,379 | - | - | 115,379 |
| Investment notes unquoted in Malaysia | 3,480 | - | - | 3,480 | 3,480 |
| | 151,532 | 143,674 | - | 3,480 | 147,154 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS (continued)

**Fair values of investments** (continued)

The following table shows the Group's investments recorded at fair value at the reporting date analysed by the various level within the fair value hierarchy (continued):

**30 June 2022**

| GROUP | Carrying values | Level 1 | Level 2 | Level 3 | Total fair values |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Investments measured at fair value** | | | | | |
| Investments at FVTPL: | | | | | |
| Equity securities | | | | | |
| - Quoted in Malaysia | 239 | 239 | - | - | 239 |
| - Quoted outside Malaysia | 63,067 | 63,067 | - | - | 63,067 |
| - Unquoted outside Malaysia | 22,562 | - | - | 22,562 | 22,562 |
| Unit trusts | | | | | |
| - Unquoted in Malaysia | 401 | - | 401 | - | 401 |
| | 86,269 | 63,306 | 401 | 22,562 | 86,269 |
| **Investments measured at fair value** | | | | | |
| Investments at FVOCI: | | | | | |
| Government debt securities quoted outside Malaysia | 45,645 | 45,645 | - | - | 45,645 |
| Corporate debt securities quoted outside Malaysia | 1,350 | 1,350 | - | - | 1,350 |
| Equity securities | | | | | |
| - Quoted outside Malaysia | 22,292 | 22,292 | - | - | 22,292 |
| - Unquoted in Malaysia | 100 | - | - | 100 | 100 |
| - Unquoted outside Malaysia | 2,068 | - | 1,226 | 842 | 2,068 |
| | 71,455 | 69,287 | 1,226 | 942 | 71,455 |
| **Investments for which fair values are disclosed** | | | | | |
| Investments at AC: | | | | | |
| Government debt securities quoted outside Malaysia | 18,011 | 16,345 | - | - | 16,345 |
| Corporate debt securities quoted outside Malaysia | 110,448 | 110,298 | - | - | 110,298 |
| Investment notes unquoted in Malaysia | 2,725 | - | - | 2,725 | 2,725 |
| | 131,184 | 126,643 | - | 2,725 | 129,368 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 11 INVESTMENTS (continued)

**Fair values of investments** (continued)

The following table shows the Company's investments recorded at fair value at the reporting date analysed by the various level within the fair value hierarchy:

| COMPANY | Level 1 30.6.2023 RM'000 | Level 1 30.6.2022 RM'000 |
|---|---|---|
| **Investments measured at fair value** | | |
| Investments at FVTPL: | | |
| Equity securities | | |
| - Quoted in Malaysia | 135 | 239 |
| - Quoted outside Malaysia | 13,661 | 13,344 |
| Unit trusts | | |
| - Quoted outside Malaysia | 43 | - |
| | 13,839 | 13,583 |

The Group's and the Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy during the financial year/ period ended 30 June 2023 and 30 June 2022.

The following table shows the movements in Level 3 unquoted equity securities investments:

| GROUP | Note | Unquoted equity securities FVTPL RM'000 | Unquoted equity securities FVOCI RM'000 |
|---|---|---|---|
| At 1 January 2021 | | 22,923 | 141 |
| Additions | | - | 816 |
| Fair value gains recognised in profit or loss | 32 | (2,396) | - |
| Effect of movements in exchange rates | | 2,035 | (15) |
| At 30 June 2022 / 1 July 2022 | | 22,562 | 942 |
| Fair value gains recognised in profit or loss | 32 | 1,286 | - |
| Effect of movements in exchange rates | | 1,357 | 43 |
| At 30 June 2023 | | 25,205 | 985 |

The Group's investments in unquoted equity securities are classified within Level 3 investment as non-market observable inputs are used for valuation techniques. The valuation techniques used for investments in unquoted equity securities of corporation outside Malaysia which classified at FVTPL are based on quoted market prices and price per book of comparable companies in active markets. Due to the volatility of the price per book of comparable companies, the Group has assumed an average of the price per book of comparable companies and applied a 10% discount as adjustment for lack of marketability associated with a non-controlling interest for the unquoted equity securities held as a practical expedient to derive the fair values of the investments.

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Executive Committee. The finance team regularly reviews significant unobservable inputs and valuation adjustments.

The significant unobservable input for the investment in unquoted equity securities of corporation outside Malaysia is the discount adjustment for lack of marketability of the unquoted equity instruments. The higher the discount rate, the lower the estimated fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 12 DEFERRED TAX ASSETS/(LIABILITIES)

**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

| | | | | | | GROUP |
|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Net | |
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | - | - | (229) | (246) | (229) | (246) |
| ROU assets | - | - | (469) | (210) | (469) | (210) |
| Provision for IBNR | 2,386 | 3,344 | - | - | 2,386 | 3,344 |
| Lease liabilities | 470 | 236 | - | - | 470 | 236 |
| Retirement benefit liability | - | 503 | - | - | - | 503 |
| Other payables | 15 | 307 | - | - | 15 | 243 |
| Impairment loss | - | 565 | - | - | - | 565 |
| Unrealised fair value loss/(gain) | 328 | 446 | (462) | - | (134) | 446 |
| Unrealised foreign exchange gain | - | - | (46) | (114) | (46) | (114) |
| Gain on remeasurement of previously held equity interest in an associate | - | - | (582) | (582) | (582) | (582) |
| Others | - | 3 | (67) | (32) | (67) | (29) |
| Deferred tax assets/(liabilities) | 3,199 | 5,340 | (1,855) | (1,184) | 1,344 | 4,156 |
| Set off of tax | (906) | (512) | 906 | 512 | - | - |
| Net deferred tax assets/(liabilities) | 2,293 | 4,828 | (949) | (672) | 1,344 | 4,156 |

| | | | | | | COMPANY |
|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Net | |
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | - | - | (61) | (70) | (61) | (70) |
| ROU assets | - | - | (40) | (138) | (40) | (138) |
| Lease liabilities | 45 | 146 | - | - | 45 | 146 |
| Other payables | 8 | 217 | - | - | 8 | 217 |
| Unrealised fair value loss/(gain) | 328 | 446 | (462) | - | (134) | 446 |
| Unrealised foreign exchange gain | - | - | (11) | (5) | (11) | (5) |
| Others | - | - | (43) | (35) | (43) | (35) |
| Deferred tax assets/(liabilities) | 381 | 809 | (617) | (248) | (236) | 561 |
| Set off of tax | (381) | (248) | 381 | 248 | - | - |
| Net deferred tax assets/(liabilities) | - | 561 | (236) | - | (236) | 561 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 12 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

**Recognised deferred tax assets/(liabilities)** (continued)

The amounts of unutilised tax losses, unutilised capital allowances and deductible temporary differences for which no deferred tax assets are recognised in the statement of financial position as it is not probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised, are as follows:

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Unutilised tax losses | 176,350 | 157,639 |
| Unutilised capital allowances | 42,248 | 40,462 |
| Deductible temporary differences | 12,811 | 9,220 |
| | 231,409 | 207,321 |

Under the Finance Act 2021 which was gazetted on 31 December 2021, the existing time limit for the Group to carry forward its accumulated unutilised tax losses has been extended for a further 10 years. Accordingly, any accumulated unutilised tax losses brought forward from year of assessment 2018 onwards can be carried forward for 10 consecutive years of assessment (i.e., from year of assessments 2019 to 2028 and so on).

The Group's unutilised tax losses as at 30 June 2023 for which no deferred tax assets were recognised based on the year of assessment ("YA") expiry for the Group are as follows:

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Expiring in YA 2028 | 95,541 | 62,231 |
| Expiring in YA 2029 | 13,252 | 53,337 |
| Expiring in YA 2030 | 7,711 | 7,822 |
| Expiring in YA 2031 | 17,615 | 18,595 |
| Expiring in YA 2032 | 14,774 | 15,654 |
| Expiring in YA 2033 | 27,457 | - |
| | 176,350 | 157,639 |

There is no expiry date for deductible temporary difference and unutilised capital allowances where deferred tax assets were not recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 12 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

**Movement in temporary differences during the financial year/period**

| | GROUP | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | At 1.1.2021 | Recognised in profit or loss (Note 38) | Recognised in OCI | Effect of movements in exchange rates | At 30.6.2022/ 1.7.2022 | Recognised in profit or loss (Note 38) | Recognised in OCI | Effect of movements in exchange rates | At 30.6.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | (273) | 27 | - | - | (246) | 17 | - | - | (229) |
| ROU assets | (524) | 311 | - | 3 | (210) | (208) | - | (51) | (469) |
| Provision for IBNR | 2,132 | 1,307 | - | (95) | 3,344 | (1,069) | - | 111 | 2,386 |
| Lease liabilities | 552 | (317) | - | 1 | 236 | 185 | - | 49 | 470 |
| Retirement benefit liability | 908 | (324) | (68) | (13) | 503 | (398) | (160) | 55 | - |
| Other payables | 973 | (741) | - | 11 | 307 | (235) | - | 7 | 15 |
| Impairment loss | 672 | (90) | - | (17) | 565 | (574) | - | 9 | - |
| Unrealised fair value loss/ (gain) | - | 445 | - | 1 | 446 | (580) | - | - | (134) |
| Unrealised foreign exchange loss/(gain) | 28 | (147) | - | 5 | (114) | 83 | - | (15) | (46) |
| Gain on remeasurement of previously held equity interest in an associate | (575) | (7) | - | - | (582) | - | - | - | (582) |
| Others | - | (30) | - | 1 | (29) | (40) | - | 2 | (67) |
| | 3,893 | 434 | (68) | (103) | 4,156 | (2,819) | (160) | 167 | 1,344 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 12 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

**Movement in temporary differences during the financial year/period** (continued)

| | COMPANY | | | | |
|---|---|---|---|---|---|
| | At 1.1.2021 | Recognised in profit or loss (Note 38) | At 30.6.2022/ 1.7.2022 | Recognised in profit or loss (Note 38) | At 30.6.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | (62) | (8) | (70) | 9 | (61) |
| ROU assets | - | (138) | (138) | 98 | (40) |
| Lease liabilities | - | 146 | 146 | (101) | 45 |
| Other payables | - | 217 | 217 | (209) | 8 |
| Unrealised fair value loss/(gain) | - | 446 | 446 | (580) | (134) |
| Unrealised foreign exchange gain | - | (5) | (5) | (6) | (11) |
| Others | - | (35) | (35) | (8) | (43) |
| | (62) | 623 | 561 | (797) | (236) |

## 13 REINSURANCE ASSETS

| | Note | GROUP 30.6.2023 | GROUP 30.6.2022 |
|---|---|---|---|
| | | RM'000 | RM'000 |
| Reinsurance of insurance contracts: | | | |
| Provision for outstanding claims | 21 | 57,053 | 70,587 |
| Provision for unearned premiums | 21 | 21,624 | 17,174 |
| | | 78,677 | 87,761 |

## 14 INSURANCE RECEIVABLES

| | Note | GROUP 30.6.2023 | GROUP 30.6.2022 |
|---|---|---|---|
| | | RM'000 | RM'000 |
| Due premiums from brokers and agents | | 40,820 | 45,850 |
| Due from reinsurers and ceding companies | | 519 | 262 |
| Funds held by ceding companies | | 773 | 644 |
| Reinsurance recoverable on paid losses | | 1,196 | 1,444 |
| | | 43,308 | 48,200 |
| Less: Impairment loss | 43.4 | (1,229) | (696) |
| | | 42,079 | 47,504 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 15 LOANS AND RECEIVABLES

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans from money lending and other credit activities | | | | | |
| Gross carrying amounts | | 80,607 | 68,166 | - | - |
| Less: Impairment loss | 43.4 | (32,655) | (20,366) | - | - |
| | | 47,952 | 47,800 | - | - |
| Fixed and call deposits with licensed banks with maturity more than three months | | | | | |
| Gross carrying amounts | | 5,301 | 5,004 | - | - |
| Less: Impairment loss | 43.4 | (24) | (23) | - | - |
| | | 5,277 | 4,981 | - | - |
| Staff loans | | | | | |
| - Housing loans | | 3,402 | 3,461 | - | - |
| - Computer loans | | 2 | 5 | 2 | 5 |
| - Personal loans | | 41 | 33 | 8 | 21 |
| | | 3,445 | 3,499 | 10 | 26 |
| | | | | | |
| | | 56,674 | 56,280 | 10 | 26 |

The maturity structure of the loans and receivables is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current** | | | | |
| Loans from money lending and other credit activities | 1,926 | 13,820 | - | - |
| Staff loans | 3,357 | 3,412 | - | 10 |
| | 5,283 | 17,232 | - | 10 |
| **Current** | | | | |
| Loans from money lending and other credit activities | 46,026 | 33,980 | - | - |
| Fixed and call deposits with licensed banks | 5,277 | 4,981 | - | - |
| Staff loans | 88 | 87 | 10 | 16 |
| | 51,391 | 39,048 | 10 | 16 |
| | | | | |
| | 56,674 | 56,280 | 10 | 26 |

The loans and receivables earn interest per annum at the rates are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | % | % | % | % |
| Loans from money lending and other credit activities | 6.09 – 12.9 | 8.0 – 14.02 | - | - |
| Fixed and call deposits with licensed banks | 0.44 – 4.46 | 0.25 – 1.25 | - | - |
| Staff loans | 3.0 – 5.0 | 3.0 – 5.0 | 5.0 | 5.0 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 16 TRADE AND OTHER RECEIVABLES

| | Note | GROUP 30.6.2023 RM'000 | GROUP 30.6.2022 RM'000 | COMPANY 30.6.2023 RM'000 | COMPANY 30.6.2022 RM'000 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| **Non-trade** | | | | | |
| Deposits | | 2,520 | 2,902 | - | 114 |
| **Current** | | | | | |
| **Trade** | | | | | |
| Trade receivables | | | | | |
| Gross carrying amounts | | 6,166 | 4,872 | - | - |
| Less: Impairment loss | 43.4 | (1,834) | (1,633) | - | - |
| | | 4,332 | 3,239 | - | - |
| Factoring receivables | | | | | |
| Gross carrying amounts | | 29,582 | 33,628 | - | - |
| Less: Impairment loss | 43.4 | (21,340) | (21,618) | - | - |
| | | 8,242 | 12,010 | - | - |
| | | 12,574 | 15,249 | - | - |
| **Non-trade** | | | | | |
| Amounts due from subsidiaries | | | | | |
| Gross carrying amounts | | - | - | 130,807 | 143,828 |
| Less: Impairment loss | 43.4 | - | - | (130,807) | (122,293) |
| | | - | - | - | 21,535 |
| Amounts due from associates | | | | | |
| Gross carrying amounts | | 500 | 521 | - | - |
| Less: Impairment loss | 43.4 | (28) | (29) | - | - |
| | | 472 | 492 | - | - |
| Other receivables | | | | | |
| Gross carrying amounts | | 18,336 | 32,580 | 816 | 259 |
| Less: Impairment loss | 43.4 | (1,043) | (22,836) | - | - |
| | | 17,293 | 9,744 | 816 | 259 |
| Interest receivables from investment notes | | 193 | 54 | - | - |
| Less: Impairment loss | 43.4 | (146) | - | - | - |
| | | 47 | 54 | - | - |
| Deposits | | 6,403 | 4,799 | 229 | 154 |
| Prepayments | | 3,361 | 2,303 | 179 | 144 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 16 TRADE AND OTHER RECEIVABLES (continued)

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current** (continued) | | | | | |
| **Non-trade** (continued) | | | | | |
| Retained Consideration from the disposal of MAA Takaful Berhad | (a) | 5,127 | 5,127 | 5,127 | 5,127 |
| Less: Provision for Zurich's claim | | (5,127) | (5,127) | (5,127) | (5,127) |
| | | - | - | - | - |
| Other receivables | | | | | |
| - Purchase consideration paid for the acquisition of Turiya Berhad | (b) | 23,787 | 23,787 | 23,787 | 23,787 |
| - Purchase consideration paid for the acquisition of Villa Castiglioni | (c) | 10,362 | - | - | - |
| - Purchased Loan | (d) | - | 14,543 | - | - |
| | | 61,725 | 55,722 | 25,011 | 45,879 |
| | | | | | |
| | | 76,819 | 73,873 | 25,011 | 45,993 |

The amounts due from subsidiaries and associates bear interest rate ranged from 5.0% to 10.0% per annum, unsecured and are repayable on demand.

(a) Of the RM93,750,000 balance sale consideration from the disposal of MAA Takaful Berhad ("MAA Takaful") retained by Zurich Insurance Company Ltd ("Zurich"), the Company received RM88,623,400 from Zurich on 1 July 2019 net of Zurich's claims of RM5,126,600. The claims relate to alleged breach of warranties, which mainly comprise of claims of additional taxes and penalties imposed on MAA Takaful by the Inland Revenue Board of Malaysia.

(b) On 22 June 2021, the Company entered into an unconditional share sale and purchase agreement with Ithmaar Bank B.S.C. (Closed) ("Ithmaar") to acquire 57.78% equity interest in Turiya Berhad ("Turiya") for a cash consideration of RM23.79 million or RM0.18 per share.

Upon completion of the acquisition, the Company is obliged to extend a mandatory take-over offer to acquire all the remaining Turiya shares not already held by the Company at a cash offer price of RM0.18 per offer Share pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 and paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia.

This has subsequently triggered a material litigation on 5 July 2021 when the Company was served with a sealed copy of Writ of Summons from Empire Holdings Ltd for an Injunction Application. Due to the ongoing material litigations which restrains the Company from exercising its rights as shareholders and the uncertainty on the likelihood of the hearing, the Company has accounted for the cash consideration paid for the investment in Turiya as 'Other receivable' instead of investment in subsidiary at acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 16 TRADE AND OTHER RECEIVABLES (continued)

(c) On 2 December 2022, Edumaax Sdn Bhd ("Edumaax"), a wholly-owned sub-subsidiary of the Company entered into a conditional sale and purchase agreements ("SPA") with MAACA Labuan Ltd, Tunku Yaacob Khyra and Samuele Minotti (collectively referred as the "Sellers") to acquire 1,000,000 shares, representing 100% of the issued and paid-up share capital of Villa Castiglioni S.R.L ("VC"), for a total cash consideration of Euro (€2,200,000 or RM10,362,000 equivalent (based on the exchange rate of €1.00 = RM4.71)) and assumption of advance from the shareholders of VC/the Sellers at completion. Pending the completion of shares transfer to Edumaax, the Group has accounted for the cash consideration paid for the acquisition of VC as "Other Receivable" instead of investment in subsidiary at acquisition date.

(d) On 27 December 2019, Edumaax purchased an impaired loan of Euro 3.19 million (equivalent to RM14.64 million) ("Purchased Loan"). A property named Villa Porro Pirelli ("the Villa") was pledged as a collateral to the Purchased Loan. Pending the completion of the foreclosure of the property, the Group classified the Purchased Loan as 'Other Receivable' as at 31 December 2019.

During the previous financial period ended 30 June 2022, the Purchased Loan was transferred from Edumaax to Edumaax S.P.A, a subsidiary of Edumaax incorporated in Italy, to facilitate the foreclosure and legal proceeds and court auction process in order for the Group to obtain the legal ownership of the Villa. The Group recognised the Purchased Loan as 'Other Receivable' as at 30 June 2022 amounted to RM14.54 million, pending the completion of the legal proceedings and ownership transfer of the Villa.

During the current financial year, the legal proceedings and ownership transfer of the Villa has completed. Upon the completion of ownership transfer, the Group derecognised the Purchased Loan from 'Other Receivable' and recognised the Villa as 'Investment Property', held for capital appreciation pending any commencement of business activities. Subsequently, the Villa was measured at fair value resulting in the recognition of a fair value gain of RM14.1 million in profit or loss.

## 17 DEFERRED ACQUISITION COSTS AND DEFERRED REINSURANCE COMMISSIONS

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| **Deferred Acquisition Costs** | | |
| At 1 July 2022 / 1 January 2021 | 19,650 | 21,085 |
| Costs deferred during the financial year/period | 40,479 | 60,206 |
| Amortisation during the financial year/period | (39,916) | (60,743) |
| Effect of movements in exchange rates | 1,092 | (898) |
| At 30 June | 21,305 | 19,650 |
| **Deferred Reinsurance Commissions** | | |
| At 1 July 2022 / 1 January 2021 | 2,534 | 2,062 |
| Income deferred during the financial year/period | 4,817 | 5,808 |
| Amortisation during the financial year/period | (3,944) | (5,224) |
| Effect of movements in exchange rates | 182 | (112) |
| At 30 June | 3,589 | 2,534 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 18 INVENTORIES

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| At cost: | | |
| Tableware sets | 32 | 32 |
| Cigar and accessories | 2,293 | 2,839 |
| Hotel related products and accessories | 36 | 106 |
| Facilities management related products and accessories | 13 | 16 |
| Food & beverage ingredients and can drinks | 586 | 474 |
| | 2,960 | 3,467 |
| Less: Impairment loss | (32) | (32) |
| | 2,928 | 3,435 |
| Recognised in profit or loss: | | |
| - inventories recognised as cost of sales of cinema operations | 560 | 246 |
| - inventories recognised as cost of sales of Hospitality Services | 4,810 | 4,211 |

The inventories are stated at lower of cost and net realisable value.

The Group writes down inventories when they are deemed obsolete and reverses the write-down in the event that the inventories are subsequently sold.

## 19 CASH AND CASH EQUIVALENTS

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | | 25,198 | 44,006 | 4,651 | 5,427 |
| Fixed and call deposits with licenced banks with maturity of three months or less | | 7,845 | 9,862 | 103 | 1,040 |
| | | 33,043 | 53,868 | 4,754 | 6,467 |
| Less: Impairment loss | 43.4 | (50) | (83) | - | - |
| | | 32,993 | 53,785 | 4,754 | 6,467 |

As at 30 June 2022, the Group's fixed and call deposits with licensed banks included an amount of RM5,934,000 pledged for the margin trading facility liability granted to the subsidiary of the Company, as disclosed in Note 22(c) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 20 CAPITAL AND RESERVES

### (a) Share capital

| | GROUP / COMPANY | | | |
|---|---|---|---|---|
| | 30.6.2023 | | 30.6.2022 | |
| | Number of shares | Amount | Number of shares | Amount |
| | ’000 | RM’000 | ’000 | RM’000 |
| Issued and fully paid shares with no par value classified as equity instruments: | | | | |
| Ordinary shares | 263,732 | 304,354 | 263,732 | 304,354 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### (b) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group’s subsidiaries with functional currencies other than Ringgit Malaysia.

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM’000 | RM’000 |
| At 1 July 2022 / 1 January 2021 | (17,007) | (11,142) |
| Gains/(Losses) recognised in other comprehensive income | 12,104 | (5,865) |
| At 30 June | (4,903) | (17,007) |

### (c) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at FVOCI until the assets are derecognised or impaired.

| | Note | GROUP | |
|---|---|---|---|
| | | 30.6.2023 | 30.6.2022 |
| | | RM’000 | RM’000 |
| At 1 July 2022 / 1 January 2021 | | (4,186) | 2,287 |
| Debt securities at FVOCI | | | |
| - net fair value gains/(losses) recognised in other comprehensive income | 11 | 970 | (5,349) |
| - reclassification adjustments for gains on disposal recognised in profit or loss | 31 | (104) | (453) |
| - reclassification adjustments for impairment loss recognised in profit or loss | | (30) | 3 |
| | | 836 | (5,799) |
| Equity securities at FVOCI | | | |
| - net fair value losses recognised in other comprehensive income | 11 | (2,122) | (674) |
| Transfer upon disposal of equity securities at FVOCI to retained earnings | | (608) | - |
| At 30 June | | (6,080) | (4,186) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 21 INSURANCE CONTRACT LIABILITIES

The General insurance contract liabilities and its movements are further analysed as follows:

| GROUP | Note | Gross RM'000 30.6.2023 | Reinsurance RM'000 30.6.2023 | Net RM'000 30.6.2023 | Gross RM'000 30.6.2022 | Reinsurance RM'000 30.6.2022 | Net RM'000 30.6.2022 |
|---|---|---|---|---|---|---|---|
| Provision for claims reported by policyholders | | 127,321 | (50,834) | 76,487 | 127,788 | (60,929) | 66,859 |
| Provision for claims incurred but not yet reported ("IBNR") | | 20,336 | (6,219) | 14,117 | 23,033 | (9,658) | 13,375 |
| Provision for outstanding claims | (a) | 147,657 | (57,053) | 90,604 | 150,821 | (70,587) | 80,234 |
| Provision for unearned premiums | (b) | 84,955 | (21,624) | 63,331 | 77,095 | (17,174) | 59,921 |
| | | 232,612 | (78,677) | 153,935 | 227,916 | (87,761) | 140,155 |

### (a) Provision for outstanding claims

| | Gross RM'000 30.6.2023 | Reinsurance RM'000 30.6.2023 | Net RM'000 30.6.2023 | Gross RM'000 30.6.2022 | Reinsurance RM'000 30.6.2022 | Net RM'000 30.6.2022 |
|---|---|---|---|---|---|---|
| At 1 July 2022 / 1 January 2021 | 150,821 | (70,587) | 80,234 | 127,632 | (49,970) | 77,662 |
| Claims incurred during the financial year/ period | 47,160 | (7,955) | 39,205 | 84,871 | (38,779) | 46,092 |
| Claims paid during the financial year/period – net of salvage and subrogation | (54,276) | 20,762 | (33,514) | (60,577) | 13,638 | (46,939) |
| Movement in IBNR | (3,693) | 3,711 | 18 | 4,937 | 1,899 | 6,836 |
| | (10,809) | 16,518 | 5,709 | 29,231 | (23,242) | 5,989 |
| Effect of movements in exchange rates | 7,645 | (2,984) | 4,661 | (6,042) | 2,625 | (3,417) |
| At 30 June | 147,657 | (57,053) | 90,604 | 150,821 | (70,587) | 80,234 |

### (b) Provision for unearned premiums

| | Note | Gross RM'000 30.6.2023 | Reinsurance RM'000 30.6.2023 | Net RM'000 30.6.2023 | Gross RM'000 30.6.2022 | Reinsurance RM'000 30.6.2022 | Net RM'000 30.6.2022 |
|---|---|---|---|---|---|---|---|
| At 1 July 2022 / 1 January 2021 | | 77,095 | (17,174) | 59,921 | 72,883 | (12,903) | 59,980 |
| Premiums written during the financial year/ period | 28 | 177,020 | (80,038) | 96,982 | 256,455 | (99,818) | 156,637 |
| Premiums earned during the financial year/ period | 28 | (174,944) | 78,150 | (96,794) | (248,996) | 94,843 | (154,153) |
| | | 2,076 | (1,888) | 188 | 7,459 | (4,975) | 2,484 |
| Premium deficiency adjustment | | 1,338 | (1,338) | - | - | - | - |
| Effect of movements in exchange rates | | 4,446 | (1,224) | 3,222 | (3,247) | 704 | (2,543) |
| At 30 June | | 84,955 | (21,624) | 63,331 | 77,095 | (17,174) | 59,921 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 22 BORROWINGS

| | | GROUP | |
|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 |
| Loans from substantial shareholder | (a) | 40,187 | - |
| Redeemable preference shares | (b) | 15,481 | - |
| Margin trading finance facility | (c) | - | 18,943 |
| Hire purchase liabilities | (d) | 169 | 216 |
| | | 55,837 | 19,159 |
| **Non-current** | | | |
| Loans from substantial shareholder | | 40,187 | - |
| Redeemable preference shares | | 3,180 | - |
| Hire purchase liabilities | | 124 | 169 |
| | | 43,491 | 169 |
| **Current** | | | |
| Redeemable preference shares | | 12,301 | - |
| Margin trading finance facility | | - | 18,943 |
| Hire purchase liabilities | | 45 | 47 |
| | | 12,346 | 18,990 |
| | | 55,837 | 19,159 |

**(a) Loans from substantial shareholder**

A subsidiary of the Company received loans from a substantial shareholder of the Company during the current financial year. The loans are unsecured, subject to interest at 8% per annum for the period commencing from the first drawdown date and ending 36 months thereafter (or such other period as may be mutually agreed between the subsidiary and the substantial shareholder of the Company).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 22 BORROWINGS (continued)

### (b) Redeemable preference shares ("RPS")

| | GROUP | |
|---|---|---|
| | 30.6.2023 | |
| | Amount | Number of shares |
| | RM'000 | 000 |
| Issued and fully paid shares classified as debt instruments: | | |
| RPS Class A9 | | |
| At 1 July 2022 | - | - |
| Issued for cash | 12,000 | 12,480 |
| At 30 June 2023 | 12,000 | 12,480 |
| RPS Class A8 | | |
| At 1 July 2022 | - | - |
| Issued for cash | 3,150 | 3,150 |
| At 30 June 2023 | 3,150 | 3,150 |
| Accrued dividend | 331 | - |
| Carrying amounts as at 30 June 2023 | 15,481 | 15,630 |

The salient features of the RPS are as follows:

- Each RPS confers no voting rights on the holders of the RPS at any general meeting of the issuer, except for the following circumstances and the holders of the RPS shall be entitled to one vote for each RPS held:

  (i) the right to vote in person or by proxy on a resolution that affects the rights and privileges attached to the RPS;

  (ii) the business of the general meeting includes any resolution for the liquidation, dissolution or winding-up of the issuer;

  (iii) the business of the general meeting includes any resolution to approve a capital reduction or capital repayment or any capital distribution by the issuer;

  (iv) the business of the general meeting includes any proposal to affect any scheme or arrangement; or

  (v) in such other circumstances as may be expressly provided under the Companies Act or any other laws from time to time in respect of the RPS.

- Each RPS shall not confer on the holders of RPS any right to any further participation in the surplus assets, profits or other rights of the issuer;

- The RPS rank in priority to all other RPS, the ordinary shares and all other classes of shares (if any) in the issuer except that in the event of liquidation or winding up of the issuer:

  (i) the assets of the issuer shall be distributed first to the holders of RPS in priority to the holders of the other classes of shares in the issuer, the amount is equal to the issue price for each RPS, provided that there shall be no further right to participate in any surplus profits of the issuer; and

  (ii) in the event that the issuer has insufficient assets to permit payment of the issue price to the holders of RPS, the assets of the issuer shall be distributed pro rate on an equal priority to the holders of RPS in proportion to the amount that each hlder of the RPS would otherwise be entitled to receive.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**22 BORROWINGS** (continued)

**(b) Redeemable preference shares ("RPS")** (continued)

The salient features of the RPS are as follows: (continued)

- The RPS is non-convertible and shall not be convertible into fully-paid ordinary shares in the capital of the issuer;
- The holders of RPS shall be entitled to a prorated non-cumulative dividend accruing on the basis of a 365-day year (payable on the maturity date) at a fixed dividends of 4.0% per annum ("Dividends") from and including the RPS issue date until the maturity date;
- The RPS may be redeemed at any time at the option of the issuer at the redemption price of Ringgit Malaysia One (RM1.00) per RPS ("Redemption Sum") together with an amount equivalent to the estimated Dividend which would have been payable to the holder in cash at the time of such redemption;
- The holders of RPS shall be entitled to redeem all and not part of RPS held at the Redemption Sum prior to maturity date, provided that the notice of redemption is given to the issuer at least ninety (90 days) prior to the intended date of the pre-maturity redemption ("Pre-Maturity Redemption Date"), and the RPS shall be redeemed by the issuer on the Pre-Maturity Redemption Date by the repayment of a sum equivalent to the issue price to the holders of RPS in cash, failing which the issuer shall pay late payment interest at the rate of 10% per annum calculated daily on all sums due and payable to the holders of RPS until the date of actual payment thereof.

**(c) Margin trading finance facility ("MTFL")**

A subsidiary of the Group entered into a MTFL agreement with a licensed institution during the previous period. The effective interest rates of the MTFL during the period ranged was 5.90% to 6.15% per annum. The fair value of the MTFL approximated the carrying amount and it bores interest at BLR+0.50% per annum as at the date of the statement of financial position.

The MTFL was secured by way of:

(a) Fixed deposit with licensed institution as disclosed in Note 19 to the financial statements.
(b) A corporate guarantee from the Company.

During the current financial year, the subsidiary has fully settled the MTFL.

**(d) Hire purchase liabilities**

The hire purchase liabilities of the Group bear interest rates ranging from 6.6% to 7.4% (30.6.2022: 6.6% to 7.4%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 22 BORROWINGS (continued)

Reconciliation of movements of liabilities to cashflows arising from financing activities:

| GROUP | Loans from substantial shareholder | Redeemable preference shares | MTFL | Hire purchase liabilities | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | - | - | - | 293 | 293 |
| Acquisition during the financial period | - | - | 19,247 | - | 19,247 |
| Interests for the financial period | - | - | 852 | 27 | 879 |
| Repayment during the financial period | | | | | |
| - principal | - | - | (978) | (77) | (1,055) |
| - interest | - | - | (178) | (27) | (205) |
| | - | - | (1,156) | (104) | (1,260) |
| At 30 June 2022 / 1 July 2022 | - | - | 18,943 | 216 | 19,159 |
| Acquisition during the financial year | 38,000 | 15,150 | - | - | 53,150 |
| Dividends/interests for the financial year | 2,187 | 331 | 383 | 14 | 2,915 |
| Repayment during the financial year | | | | | |
| - principal | - | - | (18,269) | (47) | (18,316) |
| - interests | - | - | (1,057) | (14) | (1,071) |
| | - | - | (19,326) | (61) | (19,387) |
| At 30 June 2023 | 40,187 | 15,481 | - | 169 | 55,837 |

## 23 INSURANCE PAYABLES

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| **Current** | | |
| Due to reinsurers and ceding companies | 18,601 | 25,167 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 24 TRADE AND OTHER PAYABLES

| | Note | GROUP 30.6.2023 RM'000 | GROUP 30.6.2022 RM'000 | COMPANY 30.6.2023 RM'000 | COMPANY 30.6.2022 RM'000 |
|---|---|---|---|---|---|
| **Non-Current** | | | | | |
| **Non-trade** | | | | | |
| Amount due to Directors | (a) | 6,397 | 6,383 | - | - |
| **Current** | | | | | |
| **Trade** | | | | | |
| Trade payables | | 4,707 | 2,784 | - | - |
| Fees received in advance | (b) | 11,660 | 11,176 | - | - |
| Commissions payable | | 14,083 | 15,339 | - | - |
| Claims payable | | 3,309 | 1,394 | - | - |
| | | 33,759 | 30,693 | - | - |
| **Non-trade** | | | | | |
| Value added tax payable | | 8,682 | 10,638 | - | - |
| Withholding tax payable | | 1,067 | 2,318 | - | - |
| Other taxes payable | | 3,656 | 2,093 | - | - |
| Bond collaterals received from policyholders | | 3,581 | 5,678 | - | - |
| Security deposit | | 6,821 | 6,828 | - | - |
| Provision for liquidation fees and expenses of a deconsolidated subsidiary | (c) | 384 | 4,687 | - | - |
| Amount due to a subsidiary | (d) | - | - | - | 700 |
| Accrual for unutilised staff leave | | 450 | 380 | 315 | 221 |
| Accrual expenses | | 9,277 | 7,803 | 565 | 717 |
| Other payables | | 20,149 | 17,428 | 1,739 | 1,178 |
| | | 54,067 | 57,853 | 2,619 | 2,816 |
| | | 94,223 | 94,929 | 2,619 | 2,816 |

(a) The unsecured amount due to Directors is stated at amortised cost with an effective interest rate of 5% per annum. The amount is not repayable within 12 months from the end of the reporting date, subject to an agreement with the Directors. The carrying amount approximates its fair value as at the date of the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 24 TRADE AND OTHER PAYABLES (continued)

(b) The fees received in advance of the Group represent contract liabilities that relate to fees received for services not yet rendered.

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | 11,176 | 13,078 |
| Fee received during the financial year/period | 28,201 | 31,073 |
| Revenue recognised in profit or loss | (27,717) | (32,975) |
| At 30 June | 11,660 | 11,176 |

(c) In the previous financial year ended 31 December 2015, the Group made a provision of RM5.66 million for the liquidation fees and expenses related to a former subsidiary, PT MAA General Assurance ("PT MAAG") which had commenced shareholders' voluntary winding up on 1 December 2015. Following the appointment of the liquidators, the Group relinquished its control and involvement in the operation and financial matters of PT MAAG to the liquidators. Accordingly, PT MAAG had ceased to be a subsidiary of the Group and had been deconsolidated with effect from 1 December 2015. The said provision was based on the appointed liquidators' schedule of fees and expenses and an estimation of three years to complete the liquidation of PT MAAG.

The Financial Service Authority of Indonesia has via its letter dated 1 November 2022 approved the dissolution of PT MAAG.

(d) The amount due to a subsidiary bear interest rate at 5.0% per annum, unsecured and are repayable on demand. The Company has fully repaid the amount due to the subsidiary during the current financial year.

## 25 DEFERRED INCOME

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Financial assistance received | 316 | - |
| Less: Amortisation of deferred income | (9) | - |
| | 307 | - |

The business principal awarded a development advance to a subsidiary of the Group for their hotel setup costs. This financial assistance is amortised over their useful lives of 120 months following the term sheet entered between both parties.

This sum of financial assistance may be refundable to its business principal based on the remaining balance of its unexpired term that is not fulfilled.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 26 RETIREMENT BENEFIT LIABILITY

The General Insurance subsidiary has a funded, non-contributory, defined benefit pension plan covering substantially all of its regular employees. The plan provides a retirement benefit equal to one hundred percent (100%) of Plan Salary for every year of credited service plus retirement bonus, if any. The plan is administered by a local bank as trustee.

The amount of retirement benefit liability recognised in the statement of financial position is as follows:

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Defined benefit obligation | (5,322) | (6,828) |
| Fair value of plan assets | 2,690 | 6,134 |
| Net retirement benefit liability | (2,632) | (694) |

**Movement in net defined benefit liability**

The following tables show reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

| | GROUP | |
|---|---|---|
| **Defined benefit obligation** | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | 6,828 | 6,745 |
| Current service cost | 496 | 1,091 |
| Interest cost | 435 | 450 |
| Benefits paid | (3,712) | (618) |
| Settlement loss | 1,510 | - |
| Remeasurement (gain)/loss: | | |
| - Actuarial (gain)/loss arising from: | | |
| - Financial assumptions | (486) | (1,977) |
| - Experience adjustments | (76) | 1,445 |
| | (562) | (532) |
| Effect of movement in exchange rates | 327 | (308) |
| At 30 June | 5,322 | 6,828 |

| | GROUP | |
|---|---|---|
| **Fair value of plan assets** | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| At 1 July 2022 / 1 January 2021 | 6,134 | 5,526 |
| Contributions | - | 1,344 |
| Interest income | 173 | 414 |
| Benefits paid | (3,712) | (618) |
| Remeasurement gain/(loss): | | |
| - Return on plan assets excluding interest income | (116) | (258) |
| Effect of movement in exchange rates | 211 | (274) |
| At 30 June | 2,690 | 6,134 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 26 RETIREMENT BENEFIT LIABILITY (continued)

The amounts of defined benefit costs that are recognised in profit or loss under 'Contributions to retirement benefit plan' in Note 35 to the financial statements are as follows:

| | GROUP | |
|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 |
| Current service cost | 496 | 1,091 |
| Net interest cost | 262 | 36 |
| Settlement loss | 1,510 | - |
| | 2,268 | 1,127 |

The amounts of defined benefit costs which are recognised in other comprehensive income related to remeasurement of retirement benefit liability are as follows:

| | GROUP | |
|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 |
| Actuarial gain on defined benefit obligation | 562 | 532 |
| Actuarial loss on return on plan assets excluding interest income | (116) | (258) |
| | 446 | 274 |
| Deferred tax effect | (160) | (68) |
| Effect of movement in exchange rates | (79) | 62 |
| | 207 | 268 |

The fair values of plan assets by each class are as follows:

| | GROUP | |
|---|---|---|
| | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 |
| Cash and cash equivalents | 1 | - |
| Investments in: | | |
| Government debt securities | 2,236 | 5,579 |
| Unit trust fund | 72 | 73 |
| Private debt securities | 472 | 453 |
| Others | (91) | 29 |
| Total plan assets | 2,690 | 6,134 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 26 RETIREMENT BENEFIT LIABILITY (continued)

Cash and cash equivalents include cash in saving deposit, special savings deposit and time deposit accounts. Investments in government debt securities consist of investments in retail treasury bonds while the private debt securities consist of investment in commercial papers and interest receivables.

All government and private debt securities held, except various receivables, have quoted prices in active market. The remaining plan assets are carried at carrying amounts that approximate the fair values.

The plan assets comprise significantly of investments in government debt securities, representing 83.14% and 90.95% of total plan assets as of 30 June 2023 and 30 June 2022 respectively. Investments in government debt securities are considered “low credit risk” investments.

The principal assumptions used to determine pension benefits for the General Insurance subsidiary are as follows:

| | 30.6.2023 | 30.6.2022 |
|---|---|---|
| Discount rate | 6.18% | 6.43% |
| Expected salary rate increase | 6.00% | 7.00% |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the fair value of defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

| | Impact on present value of defined benefit obligation | | |
|---|---|---|---|
| | Change in variables | Increase/(Decrease) 30.6.2023 | 30.6.2022 |
| | | RM’000 | RM’000 |
| Discount rate | +100 bps | (610) | (609) |
| | -100 bps | 728 | 733 |
| Salary increase rate | +100 bps | 722 | 721 |
| | -100 bps | (617) | (611) |

The General Insurance subsidiary does not expect any contribution to the plan in next financial year.

At financial year/period ended 30 June 2023 and 30 June 2022, the weighted average duration of the retirement benefit obligation is 12.6 years and 10.0 years respectively.

Maturity profile of the expected undiscounted benefit payments are as follows:

| Financial Year | 30.6.2023 | 30.6.2022 |
|---|---|---|
| | RM’000 | RM’000 |
| Year 1 | 216 | 2,525 |
| Year 2 | 216 | 206 |
| Year 3 | 339 | 60 |
| Year 4 | 206 | 373 |
| Year 5 | 95 | 161 |
| Year 6 to 10 | 3,878 | 3,180 |
| > 10 years | 37,648 | 48,057 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 27 OPERATING REVENUE

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) | GROUP 1.1.2021 to 30.6.2022 (18 months) | COMPANY 1.7.2022 to 30.6.2023 (12 months) | COMPANY 1.1.2021 to 30.6.2022 (18 months) |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross earned premiums | 28 | 174,944 | 248,996 | - | - |
| Investment income | 29 | 4,629 | 7,916 | 183 | 1,545 |
| Interest income | 30 | 11,989 | 14,887 | 8,702 | 10,410 |
| Other operating revenue from non-insurance businesses | 33 | 91,786 | 92,350 | 120 | 115 |
| | | 283,348 | 364,149 | 9,005 | 12,070 |

## 28 NET EARNED PREMIUMS

| | GROUP 1.7.2022 to 30.6.2023 (12 months) | GROUP 1.1.2021 to 30.6.2022 (18 months) |
|---|---|---|
| | RM'000 | RM'000 |
| Gross earned premiums | | |
| Gross written premiums | 177,020 | 256,455 |
| Change in unearned premium reserves | (2,076) | (7,459) |
| | 174,944 | 248,996 |
| Premiums ceded to reinsurers | | |
| Gross written premiums ceded to reinsurers | (80,038) | (99,818) |
| Change in unearned premium reserves | 1,888 | 4,975 |
| | (78,150) | (94,843) |
| Net earned premiums | 96,794 | 154,153 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 29 INVESTMENT INCOME

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental income from investment properties | 6 | 736 | 183 | 160 | 26 |
| Investments at FVTPL | | | | | |
| Dividend income from: | | | | | |
| Equity securities | | | | | |
| - quoted in Malaysia | | 6 | 269 | 6 | 269 |
| - quoted outside Malaysia | | 1,805 | 3,406 | 17 | 1,250 |
| - unquoted outside Malaysia | | 841 | 1,592 | - | - |
| Unit trusts quoted in Malaysia | | - | 92 | - | - |
| | | 2,652 | 5,359 | 23 | 1,519 |
| Investments at FVOCI | | | | | |
| Dividend income from: | | | | | |
| Equity securities quoted outside Malaysia | | | | | |
| - related to those derecognised during the financial year/period | | 185 | 292 | - | - |
| - related to those held as at the end of the financial year/period | | 1,056 | 2,082 | - | - |
| | | 1,241 | 2,374 | - | - |
| | | 4,629 | 7,916 | 183 | 1,545 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 30 INTEREST INCOME

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Investments at FVOCI | | | | |
| Interest income from: | | | | |
| Government debt securities quoted outside Malaysia | 2,465 | 2,487 | - | - |
| Corporate debt securities | | | | |
| - quoted outside Malaysia | 58 | 78 | - | - |
| - unquoted in Malaysia | 1,428 | 1,331 | 1,428 | 1,331 |
| | 3,951 | 3,896 | 1,428 | 1,331 |
| Investments at AC | | | | |
| Interest income from: | | | | |
| Government debt securities quoted outside Malaysia | 947 | 1,087 | - | - |
| Corporate debt securities quoted outside Malaysia | 6,083 | 8,676 | - | - |
| Private trust fund unquoted outside Malaysia | - | 4 | - | - |
| Investment notes unquoted in Malaysia | 529 | 263 | - | - |
| | 7,559 | 10,030 | - | - |
| Interest income from: | | | | |
| Staff loans | 85 | 131 | 2 | 7 |
| Subsidiaries | - | - | 7,260 | 8,648 |
| Associates | - | 66 | - | - |
| | 85 | 197 | 7,262 | 8,655 |
| Interest income from fixed and call deposits | 394 | 764 | 12 | 424 |
| | 11,989 | 14,887 | 8,702 | 10,410 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 31 REALISED GAINS AND LOSSES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | | | | |
| Net losses | (11) | (11) | - | - |
| Investments at FVTPL | | | | |
| Net realised (losses)/gains | | | | |
| Equity securities | | | | |
| - quoted in Malaysia | (15) | 1,329 | (15) | 1,329 |
| - quoted outside Malaysia | (79) | 7,315 | (434) | 3,882 |
| Unit trusts quoted outside Malaysia | - | (54) | - | - |
| | (94) | 8,590 | (449) | 5,211 |
| Investments at FVOCI | | | | |
| Net realised gains | | | | |
| Government debt securities quoted outside Malaysia | 104 | 453 | - | - |
| | (1) | 9,032 | (449) | 5,211 |

## 32 FAIR VALUE GAINS AND LOSSES

| | Note | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Net fair value gains/(losses) on investment properties | 6 | 16,781 | (1,511) | 131 | (1,823) |
| Investments at FVTPL | | | | | |
| Net fair value gains/(losses) | | | | | |
| Equity securities | | | | | |
| - quoted in Malaysia | | 3 | (15,742) | 2 | (12,930) |
| - quoted outside Malaysia | | 13,387 | (7,861) | 12,528 | 2,902 |
| - unquoted outside Malaysia | | 1,286 | (2,396) | - | - |
| Unit trusts | | | | | |
| - quoted in Malaysia | | - | (83) | - | - |
| - unquoted in Malaysia | | 8 | (39) | - | - |
| - quoted outside Malaysia | | 2 | - | 2 | - |
| | | 14,686 | (26,121) | 12,532 | (10,028) |
| | | 31,467 | (27,632) | 12,663 | (11,851) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 33 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from Hospitality Services from: | | | | |
| - hotel room and hotel related services | 29,212 | 20,641 | - | - |
| - sale of cigar and accessories | 4,225 | 3,634 | - | - |
| - food and beverage | 4,842 | 5,085 | - | - |
| - others | 6,815 | 5,503 | - | - |
| | 45,094 | 34,863 | - | - |
| Revenue from Credit Services from: | | | | |
| - loans from money lending and other credit activities | 9,619 | 6,789 | - | - |
| - debt factoring business | 2,204 | 9,055 | - | - |
| | 11,823 | 15,844 | - | - |
| Fee income from Education Services | 28,110 | 38,446 | - | - |
| Revenue from cinema operations | 6,509 | 2,639 | - | - |
| Management and other service fee income | 250 | 558 | 120 | 115 |
| | 91,786 | 92,350 | 120 | 115 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers: | | | | |
| (a) Recognised at a point of time | | | | |
| - Revenue from Hospitality Services | 42,949 | 33,014 | - | - |
| - Revenue from cinema operations | 6,509 | 2,639 | - | - |
| | 49,458 | 35,653 | - | - |
| (b) Recognised over time | | | | |
| - Revenue from Hospitality Services | 2,145 | 1,849 | - | - |
| - Revenue from Credit Services | 11,823 | 15,844 | - | - |
| - Revenue from Education Services | 28,110 | 38,446 | - | - |
| - Rendering of services | 250 | 558 | 120 | 115 |
| | 42,328 | 56,697 | 120 | 115 |
| | 91,786 | 92,350 | 120 | 115 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 34 OTHER OPERATING INCOME/(EXPENSES) – NET

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | Restated 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment written off | 4 | (70) | - | (1) | - |
| Impairment loss on: | | | | | |
| - ROU assets | 5(a) | (682) | - | - | - |
| - intangible assets | 7 | (247) | (212) | - | - |
| - investments in subsidiaries | 9 | - | - | (16,650) | 37,631 |
| - investments in associates | 10 | - | (2,367) | (10,640) | (21,280) |
| Bad debts (written off)/recovered | | (533) | 435 | - | - |
| Net foreign exchange gains/(losses) | | | | | |
| - realised | | (410) | (375) | (344) | (545) |
| - unrealised | | 3,391 | (179) | 16 | 1,074 |
| Impairment loss on goodwill acquired | 8 | - | (6,541) | - | - |
| Gain on remeasurement of previously held equity interest in an associate | 49(c) | - | 29 | - | - |
| Reserve arising from a business combination | 49(d) | - | 14 | - | - |
| Gain/(Loss) on remeasurement of ROU assets | | 117 | (1,130) | - | - |
| Commission income | | - | 2,000 | - | - |
| Others | | 9,020 | 6,167 | 41 | 809 |
| | | 10,586 | (2,159) | (27,578) | 17,689 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 35 MANAGEMENT EXPENSES

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Personal expenses (including key management personnel) | | | | | |
| Company's Directors | | | | | |
| - Directors' fees and allowances | 48 | 357 | 627 | 266 | 500 |
| - Directors' remuneration | 48 | 3,197 | 4,936 | 2,789 | 4,366 |
| Subsidiaries' Directors | | | | | |
| - Directors' fees and allowances | 48 | 274 | 995 | - | - |
| - Directors' remuneration | 48 | 3,588 | 4,152 | - | - |
| Wages, salaries and others | | 45,279 | 53,644 | 7,583 | 9,987 |
| Contributions to Employees' Provident Fund | | 3,524 | 4,188 | 544 | 650 |
| Contributions to retirement benefit plan | 26 | 2,268 | 1,127 | - | - |
| | | 58,487 | 69,669 | 11,182 | 15,503 |
| Auditors' remunerations | | | | | |
| Audit fees: | | | | | |
| - KPMG PLT | | 399 | - | 248 | - |
| - Other auditors | | 403 | 1,406 | - | 380 |
| Non-audit fees: | | | | | |
| - KPMG PLT | | 15 | - | 15 | - |
| - Overseas affiliates of KPMG PLT | | 63 | - | - | - |
| | | 880 | 1,406 | 263 | 380 |
| Fees paid to a company in which certain Directors have an interest | 48 | 291 | 465 | 202 | 321 |
| Depreciation of property, plant and equipment | 4 | 5,224 | 6,504 | 102 | 283 |
| Amortisation of leasehold land | 4 | 1 | 2 | - | - |
| Depreciation of ROU assets | 5(a) | 14,243 | 19,404 | 407 | 610 |
| Expenses relating to short-term leases | 5 | 1,340 | 382 | - | - |
| Expenses relating to leases of low-value assets | 5 | 90 | 249 | 19 | 42 |
| Direct operating expenses of investment properties | 6 | 1,745 | 1,832 | 962 | 824 |
| Amortisation of intangible assets | 7 | 249 | 428 | 12 | 20 |
| Tutors' fees for Education Services | | 7,131 | 8,065 | - | - |
| Cost of sales for Hospitality Services | | 28,965 | 23,379 | - | - |
| Cost of sales for cinema operations | | 2,678 | 1,114 | - | - |
| Other expenses | | 32,466 | 38,262 | 5,530 | 10,581 |
| | | 153,790 | 171,161 | 18,679 | 28,564 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 36 NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) | GROUP 1.1.2021 to 30.6.2022 (18 months) | COMPANY 1.7.2022 to 30.6.2023 (12 months) | COMPANY 1.1.2021 to 30.6.2022 (18 months) |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| (Impairment loss)/Reversal of impairment loss on: | 43.4 | | | | |
| - loans from money lending and other credit activities | | (12,289) | (19,467) | - | - |
| - factoring receivables | | 278 | (21,004) | - | - |
| - insurance receivables | | (1,203) | 169 | - | - |
| - trade receivables | | (201) | (749) | - | - |
| - other receivables | | (221) | 81 | - | - |
| - interest receivables from investment notes | | (146) | - | - | - |
| - investments at AC | | 955 | (208) | - | - |
| - cash and cash equivalents | | 37 | 4 | - | - |
| - amounts due from subsidiaries | | - | - | (8,514) | (120,769) |
| - amounts due from associates | | 1 | (29) | - | - |
| | | (12,789) | (41,203) | (8,514) | (120,769) |

## 37 FINANCE COSTS

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) | GROUP 1.1.2021 to 30.6.2022 (18 months) | COMPANY 1.7.2022 to 30.6.2023 (12 months) | COMPANY 1.1.2021 to 30.6.2022 (18 months) |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Interests on: | | | | | |
| - lease liabilities | 5(b) | 2,925 | 3,499 | 33 | 110 |
| - loans from major shareholder | | 2,187 | - | - | - |
| - margin trading finance facility | | 383 | 852 | - | - |
| - hire purchase liabilities | | 14 | 27 | - | - |
| - amounts due to a subsidiary | | - | - | 29 | 21 |
| - others | | 4 | 4 | - | - |
| Dividends on redeemable preference shares | | 331 | - | - | - |
| | | 5,844 | 4,382 | 62 | 131 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 38 TAX EXPENSE

**Recognised in profit or loss**

| | Note | GROUP 1.7.2022 to 30.6.2023 (12 months) | GROUP 1.1.2021 to 30.6.2022 (18 months) | COMPANY 1.7.2022 to 30.6.2023 (12 months) | COMPANY Restated 1.1.2021 to 30.6.2022 (18 months) |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current tax expense/(income)** | | | | | |
| Malaysia | | | | | |
| - current financial year/period | | 5,087 | 3,617 | - | 1,053 |
| - under/(over) provision in prior years | | 164 | 195 | (1) | (87) |
| Overseas | | | | | |
| - current financial year/period | | 3,083 | 7,791 | - | - |
| Total current tax expense/(income) | | 8,334 | 11,603 | (1) | 966 |
| **Deferred tax expense/(income)** | 12 | | | | |
| Malaysia | | | | | |
| - origination and reversal of temporary differences | | 834 | (579) | 797 | (623) |
| - under provision in prior years | | 3 | - | - | - |
| Overseas | | | | | |
| - origination and reversal of temporary differences | | 1,982 | 145 | - | - |
| Total deferred tax expense/(income) | | 2,819 | (434) | 797 | (623) |
| Total tax expense | | 11,153 | 11,169 | 796 | 343 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 38 TAX EXPENSE (continued)

**Reconciliation of tax expense**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | Restated 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss for the financial year/period | (11,375) | (150,572) | (34,410) | (126,688) |
| Total tax expenses | 11,153 | 11,169 | 796 | 343 |
| Loss excluding tax | (222) | (139,403) | (33,614) | (126,345) |
| Income tax using Malaysia tax rate of 24% (30.6.2022: 24%) | (53) | (33,457) | (8,067) | (30,323) |
| Non-deductible expenses | 9,563 | 24,325 | 7,557 | 28,989 |
| Non-taxable income | (2,612) | (5,971) | (32) | (1,033) |
| Effect of share of results of associates | (32) | 15,065 | - | - |
| Effect of difference in tax rates of foreign jurisdictions | 203 | 317 | - | - |
| Current year tax losses for which no deferred tax asset was recognised | 5,781 | 9,242 | 1,237 | 260 |
| Temporary differences previously not recognised | 86 | 2,592 | 86 | 2,592 |
| Utilisation of tax losses and capital allowances | (1,833) | (1,063) | 16 | (55) |
| Utilisation of previously unrecognised temporary differences | (114) | (76) | - | - |
| | 10,989 | 10,974 | 797 | 430 |
| Under/(Over) provision in prior years | 164 | 195 | (1) | (87) |
| Total tax expense | 11,153 | 11,169 | 796 | 343 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 39 LOSS PER SHARE ("LPS")

### (a) Basic LPS

Basic LPS is calculated by dividing the (loss)/profit attributable to the owners of the Company of by the weighted average number of ordinary shares in issue during the financial year.

| | GROUP | |
|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| Loss attributable to owners of the Company (RM'000) | (1,416) | (134,170) |
| Weighted average number of ordinary shares in issue ('000) | 263,732 | 263,732 |
| Basic LPS (sen) | (0.54) | (50.87) |

### (b) Diluted earnings per ordinary share

The Company has no dilution in its earnings per ordinary shares as there are no dilutive potential ordinary shares as at 30 June 2023 and 30 June 2022.

## 40 DIVIDEND

There was no dividend paid by the Company during the financial year ended 30 June 2023 in respect of the financial year ended 30 June 2023. The Directors do not recommend any dividend to be paid for the financial year.

## 41 OPERATING SEGMENTS

The Group has five reporting segments, as describes below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they employ different technology and marketing strategies.

The Group's Executive Committee comprising key functional heads and Executive Directors monitors the operating results of the strategic business units as well as relying on the segmental information as disclosed below for purposes such as resource allocation and performance assessment.

The Executive Committee evaluates reporting segments' performance on the basis of revenue and profit. Expenses directly associated with each reporting segment are included in determining their respective profits. All inter segment transactions are entered into in the normal course of business and are established on arm's length terms and conditions agreed between the related parties. The total reporting segment assets and liabilities are measured based on all assets and liabilities of each reporting segment.

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

- Investment Holdings - investment holdings
- General Insurance - underwriting of all classes of general insurance business
- Education Services - provision of education services and operation of tuition centers
- Credit Services - provision of money lending, debt factoring and other credit activities
- Hospitality Services - provision of hospitality services, food and beverage, retailer of Cigars, and other services including logistics, renovation, facilities management service

The Group's Other segments comprise property management, advisory and consultancy services, film distribution and cinema businesses none of which met the quantitative thresholds for reporting segment in year 2023 and 2022.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Committee.

## 41 OPERATING SEGMENTS (continued)

**12 months period ended 30 June 2023**

| | Reportable segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Investment Holdings | General Insurance | Education Services | Credit Services | Hospitality Services | Total reportable segments | Other non-reportable segments | Consolidated total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **REVENUE** | | | | | | | | |
| External revenue | 3,430 | 187,774 | 28,173 | 12,352 | 45,094 | 276,823 | 6,525 | 283,348 |
| Inter-segment revenue | 17,123 | 163 | 4,601 | 932 | 75 | 22,894 | 1,693 | 24,587 |
| Total revenue | 20,553 | 187,937 | 32,774 | 13,284 | 45,169 | 299,717 | 8,218 | 307,935 |
| **RESULTS** | | | | | | | | |
| Net earned premiums | - | 96,794 | - | - | - | 96,794 | - | 96,794 |
| Investment income | 1,600 | 3,029 | - | - | - | 4,629 | - | 4,629 |
| Interest income | 1,593 | 9,801 | 63 | 529 | - | 11,986 | 3 | 11,989 |
| Realised (losses)/gains | (456) | 449 | 6 | - | - | (1) | - | (1) |
| Fair value gains | 13,847 | 3,506 | 14,114 | - | - | 31,467 | - | 31,467 |
| Other operating revenue from non-insurance businesses | 237 | - | 28,110 | 11,823 | 45,094 | 85,264 | 6,522 | 91,786 |
| Other income/(expenses) - net | 2,861 | 4,077 | 3,331 | (486) | 1,715 | 11,498 | 17 | 11,515 |
| Impairment loss on ROU assets | - | - | - | - | (682) | (682) | - | (682) |
| Impairment loss on intangible assets | - | - | - | - | (247) | (247) | - | (247) |
| Net claims incurred | - | (39,223) | - | - | - | (39,223) | - | (39,223) |
| Commission expenses - net | - | (35,972) | - | - | - | (35,972) | - | (35,972) |
| Other management expenses | (21,398) | (21,727) | (30,982) | (1,262) | (49,662) | (125,031) | (9,043) | (134,074) |
| Depreciation of property, plant and equipment | (247) | (295) | (2,023) | (9) | (1,445) | (4,019) | (1,205) | (5,224) |
| Depreciation of ROU assets | (941) | (1,202) | (5,519) | - | (5,543) | (13,205) | (1,038) | (14,243) |
| Amortisation of intangible assets | (14) | - | (83) | (4) | - | (101) | (148) | (249) |
| Net impairment loss on: | | | | | | | | |
| - loans from money lending and other credit activities | - | - | - | (12,289) | - | (12,289) | - | (12,289) |
| - factoring receivables | - | - | - | 278 | - | 278 | - | 278 |
| - insurance receivables | - | (1,203) | - | - | - | (1,203) | - | (1,203) |
| - trade receivables | - | - | (186) | - | (15) | (201) | - | (201) |
| - other receivables | - | - | 13 | - | (234) | (221) | - | (221) |
| - interest receivables on investment notes | - | - | - | (146) | - | (146) | - | (146) |
| - investments at AC | - | 1,214 | - | (259) | - | 955 | - | 955 |
| - cash and cash equivalents | - | 37 | - | - | - | 37 | - | 37 |
| - amounts due from associates | 1 | - | - | - | - | 1 | - | 1 |
| Finance cost | (2,262) | (59) | (923) | (4) | (1,630) | (4,878) | (966) | (5,844) |
| Segment operating (loss)/profit | (5,179) | 19,226 | 5,921 | (1,829) | (12,649) | 5,490 | (5,858) | (368) |
| Share of profit of equity accounted associates | 132 | - | - | - | 14 | 146 | - | 146 |
| (Loss)/Profit before taxation | (5,047) | 19,226 | 5,921 | (1,829) | (12,635) | 5,636 | (5,858) | (222) |
| Tax expense | (1,780) | (5,065) | (3,676) | (62) | (457) | (11,040) | (113) | (11,153) |
| (Loss)/Profit for the financial year | (6,827) | 14,161 | 2,245 | (1,891) | (13,092) | (5,404) | (5,971) | (11,375) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 41 OPERATING SEGMENTS (continued)

**18 months period ended 30 June 2022**

| | Reportable segments | | | | | Total reportable segments | Other non-reportable segments | Consolidated total |
|---|---|---|---|---|---|---|---|---|
| | Investment Holdings | General Insurance | Education Services | Credit Services | Hospitality Services | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **REVENUE** | | | | | | | | |
| External revenue | 5,591 | 265,950 | 38,655 | 16,110 | 34,889 | 361,195 | 2,954 | 364,149 |
| Inter-segment revenue | 29,973 | - | 5,432 | 1,719 | 48 | 37,172 | 1,038 | 38,210 |
| Total revenue | 35,564 | 265,950 | 44,087 | 17,829 | 34,937 | 398,367 | 3,992 | 402,359 |
| **RESULTS** | | | | | | | | |
| Net earned premiums | - | 154,153 | - | - | - | 154,153 | - | 154,153 |
| Investment income | 3,294 | 4,530 | - | - | - | 7,824 | 92 | 7,916 |
| Interest income | 1,941 | 12,424 | 209 | 266 | 26 | 14,866 | 21 | 14,887 |
| Realised gains | 5,211 | 3,821 | - | - | - | 9,032 | - | 9,032 |
| Fair value losses | (14,879) | (9,819) | (2,851) | - | - | (27,549) | (83) | (27,632) |
| Other operating revenue from non-insurance businesses | 356 | - | 38,446 | 15,844 | 34,863 | 89,509 | 2,841 | 92,350 |
| Other income/(expenses) - net | 1,346 | (88) | 140 | 2,444 | 776 | 4,618 | (24) | 4,594 |
| Impairment loss on goodwill acquired | - | - | - | - | (6,541) | (6,541) | - | (6,541) |
| Impairment loss on intangible assets | - | - | - | - | (212) | (212) | - | (212) |
| Net claims incurred | - | (52,928) | - | - | - | (52,928) | - | (52,928) |
| Commission expenses - net | - | (55,519) | - | - | - | (55,519) | - | (55,519) |
| Other management expenses | (31,710) | (20,551) | (41,762) | (1,746) | (48,780) | (144,549) | (276) | (144,825) |
| Depreciation of property, plant and equipment | (660) | (479) | (3,040) | (9) | (1,811) | (5,999) | (505) | (6,504) |
| Depreciation of ROU assets | (1,423) | (1,869) | (8,892) | - | (667) | (12,851) | (6,553) | (19,404) |
| Amortisation of intangible assets | (22) | (18) | (128) | (6) | - | (174) | (254) | (428) |
| Net impairment loss on: | | | | | | | | |
| - loans from money lending and other credit activities | - | - | - | (19,467) | - | (19,467) | - | (19,467) |
| - factoring receivables | - | - | - | (21,004) | - | (21,004) | - | (21,004) |
| - insurance receivables | - | 169 | - | - | - | 169 | - | 169 |
| - trade receivables | - | - | (50) | - | (506) | (556) | (193) | (749) |
| - other receivables | - | - | (47) | - | 128 | 81 | - | 81 |
| - investments at AC | - | (208) | - | - | - | (208) | - | (208) |
| - cash and cash equivalents | - | 4 | - | - | - | 4 | - | 4 |
| - amounts due from associates | (29) | - | - | - | - | (29) | - | (29) |
| Finance cost | (253) | (42) | (1,732) | - | (2,159) | (4,186) | (196) | (4,382) |
| Segment operating (loss)/profit | (36,828) | 33,580 | (19,707) | (23,678) | (24,883) | (71,516) | (5,130) | (76,646) |
| Share of (loss)/profit of equity accounted associates | (62,769) | - | - | - | 12 | (62,757) | - | (62,757) |
| (Loss)/Profit before taxation | (99,597) | 33,580 | (19,707) | (23,678) | (24,871) | (134,273) | (5,130) | (139,403) |
| Tax expense | (632) | (7,936) | (1,683) | (787) | (130) | (11,168) | (1) | (11,169) |
| (Loss)/Profit for the financial period | (100,229) | 25,644 | (21,390) | (24,465) | (25,001) | (145,441) | (5,131) | (150,572) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 41 OPERATING SEGMENTS (continued)

### OTHER INFORMATION

| | Reportable segments | | | | | Total reportable segments | Other non-reportable segments | Consolidated total |
|---|---|---|---|---|---|---|---|---|
| | Investment Holdings | General Insurance | Education Services | Credit Services | Hospitality Services | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | | | | | | |
| **ASSETS** | | | | | | | | |
| Other assets | 126,319 | 458,059 | 80,722 | 63,570 | 38,337 | 767,007 | 28,376 | 795,383 |
| Goodwill on business combinations | - | - | 26,911 | - | - | 26,911 | - | 26,911 |
| Investment in associates | 765 | - | - | - | 48 | 813 | - | 813 |
| Segment assets/Consolidated total assets | 127,084 | 458,059 | 107,633 | 63,570 | 38,385 | 794,731 | 28,376 | 823,107 |
| **LIABILITIES** | | | | | | | | |
| Other liabilities | 5,337 | 304,052 | 37,219 | 1,271 | 48,895 | 396,774 | 12,221 | 408,995 |
| Borrowings | 40,187 | - | - | - | 169 | 40,356 | 15,481 | 55,837 |
| Segment liabilities/Consolidated total liabilities | 45,524 | 304,052 | 37,219 | 1,271 | 49,064 | 437,130 | 27,702 | 464,832 |
| **30 June 2022** | | | | | | | | |
| **ASSETS** | | | | | | | | |
| Other assets | 119,288 | 450,439 | 47,643 | 67,166 | 43,059 | 727,595 | 22,039 | 749,634 |
| Goodwill on business combinations | - | - | 26,911 | - | - | 26,911 | - | 26,911 |
| Investment in associates | 633 | - | - | - | 34 | 667 | - | 667 |
| Segment assets/Consolidated total assets | 119,921 | 450,439 | 74,554 | 67,166 | 43,093 | 755,173 | 22,039 | 777,212 |
| **LIABILITIES** | | | | | | | | |
| Other liabilities | 7,844 | 303,704 | 32,301 | 1,748 | 45,335 | 390,932 | 6,959 | 397,891 |
| Borrowings | - | - | 18,943 | - | 216 | 19,159 | - | 19,159 |
| Segment liabilities/Consolidated total liabilities | 7,844 | 303,704 | 51,244 | 1,748 | 45,551 | 410,091 | 6,959 | 417,050 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 41 OPERATING SEGMENTS (continued)

Reconciliation of reportable segment operating, profit or loss, revenue, assets and liabilities

| | Operating profit/(loss) | External revenue | Other operating revenue from non-insurance businesses | Interest income | Finance costs | Segment assets | Segment liabilities |
|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | | | | | |
| Total reportable segments | (137,120) | 299,717 | 87,412 | 30,322 | (22,310) | 1,066,325 | (843,466) |
| Other non-reportable segments | (6,475) | 8,218 | 7,264 | 954 | (2,787) | 49,137 | (51,442) |
| Elimination of inter-segment transactions or balances | - | (24,587) | (2,890) | (19,287) | 19,253 | (430,619) | 430,619 |
| Consolidation adjustments | 143,227 | - | - | - | - | 138,264 | (543) |
| Consolidated total | (368) | 283,348 | 91,786 | 11,989 | (5,844) | 823,107 | (464,832) |
| **30 June 2022** | | | | | | | |
| Total reportable segments | (455,220) | 398,367 | 96,418 | 32,620 | (21,280) | 1,055,852 | (737,333) |
| Other non-reportable segments | (4,890) | 3,992 | 3,858 | 42 | (877) | 25,500 | (20,336) |
| Elimination of inter-segment transactions or balances | - | (38,210) | (7,926) | (17,775) | 17,775 | (339,762) | 339,762 |
| Consolidation adjustments | 383,464 | - | - | - | - | 35,622 | 857 |
| Consolidated total | (76,646) | 364,149 | 92,350 | 14,887 | (4,382) | 777,212 | (417,050) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 41 OPERATING SEGMENTS (continued)

### Geographical segments

The Group operates mainly in Malaysia and Philippines. In determining the geographical segments of the Group, revenues and non-current assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments, investment in associates and deferred tax assets.

| | External revenue | | Non-current assets | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 30.6.2023 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 94,998 | 98,042 | 120,872 | 115,777 |
| Philippines | 187,774 | 265,950 | 11,755 | 7,538 |
| Indonesia | 576 | 157 | 9,314 | 9,088 |
| London | - | - | 8,985 | 8,102 |
| Italy | - | - | 34,506 | - |
| | 283,348 | 364,149 | 185,432 | 140,505 |

## 42 INSURANCE RISK

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount of any resulting claim. The principal risk the General Insurance subsidiary faces under such contracts is that the actual claims and benefits payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, when actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

The General Insurance subsidiary principally issues the following types of General Insurance contracts: fire, motor, health and accident, aviation/hull, marine, engineering, professional indemnity, bonds, fidelity guarantee and surety. Risks under general insurance policies usually cover twelve-month duration.

For General insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities.

These risks vary significantly in relation to the location of the risk insured by the General Insurance subsidiary, type of risk insured and by industry. Undue concentration by amounts can have a further impact on the severity of benefit payments on a portfolio basis.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the General Insurance subsidiary. The General Insurance subsidiary further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the company.

The General Insurance subsidiary has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, for example, hurricanes, earthquakes and flood damages.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the General Insurance subsidiary's risk appetite as decided by management.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 42 INSURANCE RISK (continued)

The table below sets out the concentration of the General Insurance subsidiary's claims liabilities (excluding provision for IBNR) by the type of contract:

| | 30.6.2023 | | | 30.6.2022 | | |
|---|---|---|---|---|---|---|
| | Gross claims liabilities | Reinsurers' share of claims liabilities | Net claims liabilities | Gross claims liabilities | Reinsurers' share of claims liabilities | Net claims liabilities |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Fire | 52,327 | (31,869) | 20,458 | 58,060 | (41,936) | 16,124 |
| Motor | 27,680 | (849) | 26,831 | 30,751 | (1,344) | 29,407 |
| Marine | 6,333 | (2,804) | 3,529 | 6,489 | (3,246) | 3,243 |
| General accounts | 3,696 | (243) | 3,453 | 2,980 | (308) | 2,672 |
| Bonds | 19,184 | (4,813) | 14,371 | 13,428 | (2,428) | 11,000 |
| Personal accident | 395 | - | 395 | 201 | - | 201 |
| Engineering | 17,706 | (10,256) | 7,450 | 15,879 | (11,667) | 4,212 |
| | 127,321 | (50,834) | 76,487 | 127,788 | (60,929) | 66,859 |

*Terms and Conditions*

The major classes of general insurance written by the General Insurance subsidiary include fire and motor insurance.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at end of each reporting period.

The provisions are refined quarterly as part of a regular ongoing process as claims experience developed, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Claims provisions are separately analysed by class of business. In addition, larger claims are usually separately assessed by loss adjusters. The claims projection assumptions are generally intended to provide a best estimate of the most likely or expected outcome.

Assumptions

The principal assumption underlying the estimation of liabilities is that the General Insurance subsidiary's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures.

Judgement is further used to assess the extent to which external factors may affect the estimates, such as judicial decisions, government legislation affect the estimates. Other key assumptions include variation in interest rate, delays in settlement and changes in foreign currency rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 42 INSURANCE RISK (continued)

Sensitivities

The general insurance claims liabilities are sensitive to the key assumptions shown below. The sensitivity of certain assumptions, such as legislative changes, uncertainty in the estimation process, etc. is not possible to quantify.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

| GROUP | Change in assumptions | Impact on gross liabilities | Impact on net liabilities | Impact on profit before tax | Impact on equity |
|---|---|---|---|---|---|
| | % | RM'000 | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | | | |
| Average claim cost | +15% | 19,098 | 11,473 | (11,473) | (8,605) |
| Average number of claims | +10% | 12,732 | 7,649 | (7,649) | (5,737) |
| **30 June 2022** | | | | | |
| Average claim cost | +15% | 19,168 | 10,029 | (10,029) | (7,522) |
| Average number of claims | +10% | 12,779 | 6,686 | (6,686) | (5,014) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 42 INSURANCE RISK (continued)

**Claims Development Table**

The following tables show the General insurance subsidiary's development of claims over a period of time on gross and net of reinsurance basis. The tables reflect the cumulative incurred claims for each successive accident year at end of each reporting period with cumulative payments to-date.

**Gross General Insurance Contract Liabilities for 30 June 2023**

| Accident Year/ Development year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2013 and prior | 349,952 | 346,604 | 351,611 | 351,720 | 349,115 | 347,229 | 346,196 | 346,206 | 350,960 | 347,988 | 346,258 | 346,258 |
| 2014 | 36,625 | 32,835 | 31,017 | 28,307 | 28,449 | 27,852 | 27,817 | 28,116 | 27,794 | 27,746 | - | 27,746 |
| 2015 | 44,176 | 40,597 | 36,555 | 34,901 | 34,406 | 34,314 | 34,137 | 34,042 | 33,910 | - | - | 33,910 |
| 2016 | 50,319 | 51,190 | 48,251 | 52,595 | 52,650 | 49,619 | 49,509 | 49,254 | - | - | - | 49,254 |
| 2017 | 68,347 | 57,734 | 56,090 | 54,100 | 52,257 | 51,418 | 51,127 | - | - | - | - | 51,127 |
| 2018 | 67,585 | 61,199 | 60,489 | 57,745 | 56,024 | 56,320 | - | - | - | - | - | 56,320 |
| 2019 | 106,245 | 98,762 | 91,629 | 85,670 | 84,055 | - | - | - | - | - | - | 84,055 |
| 2020 | 60,609 | 51,453 | 45,174 | 43,620 | - | - | - | - | - | - | - | 43,620 |
| 2021 | 83,595 | 77,515 | 79,869 | - | - | - | - | - | - | - | - | 79,869 |
| 2022 | 69,412 | 71,552 | - | - | - | - | - | - | - | - | - | 71,552 |
| 2023 | 24,467 | - | - | - | - | - | - | - | - | - | - | 24,467 |
| Current estimate of cumulative claims incurred | 24,467 | 71,552 | 79,869 | 43,620 | 84,055 | 56,320 | 51,127 | 49,254 | 33,910 | 27,746 | 346,258 | 868,178 |
| Cumulative payments to date | (6,545) | (27,678) | (46,497) | (35,334) | (74,188) | (54,240) | (47,427) | (48,218) | (33,868) | (27,345) | (339,517) | (740,857) |
| Gross insurance contract liabilities (excluded provision for IBNR) | 17,922 | 43,874 | 33,372 | 8,286 | 9,867 | 2,080 | 3,700 | 1,036 | 42 | 401 | 6,741 | 127,321 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**42 INSURANCE RISK** (continued)

**Claims Development Table** (continued)

**Net General Insurance Contract Liabilities for 30 June 2023**

| Accident Year/ Development year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2013 and prior | 161,981 | 175,908 | 181,197 | 183,922 | 184,756 | 184,322 | 183,841 | 183,940 | 183,971 | 183,972 | 183,926 | 183,926 |
| 2014 | 24,711 | 23,720 | 22,612 | 21,361 | 21,314 | 21,206 | 21,160 | 21,379 | 21,174 | 21,138 | - | 21,138 |
| 2015 | 36,899 | 33,315 | 30,888 | 29,283 | 28,787 | 28,696 | 28,520 | 28,458 | 28,329 | - | - | 28,329 |
| 2016 | 43,890 | 42,837 | 39,386 | 42,310 | 42,507 | 40,184 | 40,082 | 39,827 | - | - | - | 39,827 |
| 2017 | 55,969 | 49,966 | 48,190 | 47,445 | 45,647 | 44,844 | 44,569 | - | - | - | - | 44,569 |
| 2018 | 55,009 | 50,778 | 48,314 | 46,204 | 44,759 | 44,997 | - | - | - | - | - | 44,997 |
| 2019 | 65,815 | 63,545 | 59,041 | 53,771 | 52,631 | - | - | - | - | - | - | 52,631 |
| 2020 | 43,836 | 40,600 | 37,481 | 36,090 | - | - | - | - | - | - | - | 36,090 |
| 2021 | 40,964 | 35,655 | 34,333 | - | - | - | - | - | - | - | - | 34,333 |
| 2022 | 54,888 | 57,059 | - | - | - | - | - | - | - | - | - | 57,059 |
| 2023 | 24,785 | - | - | - | - | - | - | - | - | - | - | 24,785 |
| Current estimate of cumulative claims incurred | 24,785 | 57,059 | 34,333 | 36,090 | 52,631 | 44,997 | 44,569 | 39,827 | 28,329 | 21,138 | 183,926 | 567,684 |
| Cumulative payments to date | (5,250) | (26,626) | (24,054) | (29,136) | (48,580) | (43,044) | (42,902) | (38,810) | (28,291) | (20,850) | (183,654) | (491,197) |
| Net insurance contract liabilities (excluded provision for IBNR) | 19,535 | 30,433 | 10,279 | 6,954 | 4,051 | 1,953 | 1,667 | 1,017 | 38 | 288 | 272 | 76,487 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 42 INSURANCE RISK (continued)

**Claims Development Table** (continued)

**Gross General Insurance Contract Liabilities for 30 June 2022**

| Accident Year/ Development year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2012 and prior | 266,438 | 272,579 | 280,827 | 281,680 | 279,527 | 278,809 | 277,941 | 277,939 | 278,024 | 277,846 | 276,198 | 276,198 |
| 2013 | 65,590 | 56,274 | 52,775 | 52,027 | 51,708 | 50,636 | 50,524 | 50,536 | 54,961 | 54,965 | - | 54,965 |
| 2014 | 34,749 | 31,153 | 29,429 | 26,857 | 26,992 | 26,426 | 26,392 | 26,676 | 26,635 | - | - | 26,635 |
| 2015 | 41,914 | 38,518 | 34,682 | 33,113 | 32,643 | 32,556 | 32,388 | 32,385 | - | - | - | 32,385 |
| 2016 | 47,742 | 48,568 | 45,780 | 49,901 | 49,953 | 47,078 | 47,078 | - | - | - | - | 47,078 |
| 2017 | 64,847 | 54,777 | 53,217 | 51,329 | 49,580 | 49,431 | - | - | - | - | - | 49,431 |
| 2018 | 64,123 | 58,065 | 57,391 | 54,788 | 54,379 | - | - | - | - | - | - | 54,379 |
| 2019 | 100,803 | 93,703 | 86,936 | 85,861 | - | - | - | - | - | - | - | 85,861 |
| 2020 | 57,505 | 48,818 | 44,808 | - | - | - | - | - | - | - | - | 44,808 |
| 2021 | 79,314 | 79,070 | - | - | - | - | - | - | - | - | - | 79,070 |
| 2022 | 25,751 | - | - | - | - | - | - | - | - | - | - | 25,751 |
| Current estimate of cumulative claims incurred | 25,751 | 79,070 | 44,808 | 85,861 | 54,379 | 49,431 | 47,078 | 32,385 | 26,635 | 54,965 | 276,198 | 776,561 |
| Cumulative payments to date | (4,538) | (21,248) | (32,293) | (68,940) | (51,098) | (44,849) | (45,613) | (32,112) | (25,976) | (49,566) | (272,540) | (648,773) |
| Gross insurance contract liabilities (excluded provision for IBNR) | 21,213 | 57,822 | 12,515 | 16,921 | 3,281 | 4,582 | 1,465 | 273 | 659 | 5,399 | 3,658 | 127,788 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 42 INSURANCE RISK (continued)

**Claims Development Table** (continued)

**Net General Insurance Contract Liabilities for 30 June 2022**

| Accident Year/ Development year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2012 and prior | 130,475 | 144,601 | 152,645 | 154,594 | 155,434 | 155,117 | 154,750 | 154,780 | 154,800 | 154,794 | 154,761 | 154,761 |
| 2013 | 23,209 | 22,298 | 19,272 | 19,908 | 19,859 | 19,765 | 19,675 | 19,740 | 19,748 | 19,750 | - | 19,750 |
| 2014 | 23,445 | 22,505 | 21,454 | 20,267 | 20,222 | 20,120 | 20,077 | 20,284 | 20,265 | - | - | 20,265 |
| 2015 | 35,010 | 31,609 | 29,306 | 27,783 | 27,313 | 27,226 | 27,059 | 27,068 | - | - | - | 27,068 |
| 2016 | 41,642 | 40,643 | 37,369 | 40,143 | 40,330 | 38,126 | 38,126 | - | - | - | - | 38,126 |
| 2017 | 53,102 | 47,407 | 45,722 | 45,015 | 43,309 | 43,159 | - | - | - | - | - | 43,159 |
| 2018 | 52,192 | 48,177 | 45,839 | 43,838 | 43,429 | - | - | - | - | - | - | 43,429 |
| 2019 | 62,444 | 60,291 | 56,018 | 54,984 | - | - | - | - | - | - | - | 54,984 |
| 2020 | 41,591 | 38,521 | 37,026 | - | - | - | - | - | - | - | - | 37,026 |
| 2021 | 38,866 | 36,804 | - | - | - | - | - | - | - | - | - | 36,804 |
| 2022 | 24,155 | - | - | - | - | - | - | - | - | - | - | 24,155 |
| Current estimate of cumulative claims incurred | 24,155 | 36,804 | 37,026 | 54,984 | 43,429 | 43,159 | 38,126 | 27,068 | 20,265 | 19,750 | 154,761 | 499,527 |
| Cumulative payments to date | (3,342) | (19,456) | (26,456) | (44,718) | (40,533) | (40,556) | (36,687) | (26,856) | (19,816) | (19,665) | (154,583) | (432,668) |
| Net insurance contract liabilities (excluded provision for IBNR) | 20,813 | 17,348 | 10,570 | 10,266 | 2,896 | 2,603 | 1,439 | 212 | 449 | 85 | 178 | 66,859 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS

### 43.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Mandatorily at fair value through profit or loss ("FVTPL");
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")
- Debt instrument ("DI")
(c) Amortised cost ("AC")

| 30 June 2023 | Carrying amount | FVTPL | FVOCI - EIDUIR | FVOCI - DI | AC |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Financial Assets** | | | | | |
| **GROUP** | | | | | |
| Investments | 322,617 | 84,129 | 18,736 | 68,220 | 151,532 |
| Insurance receivables | 42,079 | - | - | - | 42,079 |
| Loans and receivables | 56,674 | - | - | - | 56,674 |
| Trade and other receivables | 76,819 | - | - | - | 76,819 |
| Cash and cash equivalents | 32,993 | - | - | - | 32,993 |
| | 531,182 | 84,129 | 18,736 | 68,220 | 360,097 |
| **COMPANY** | | | | | |
| Investments | 13,839 | 13,839 | - | - | - |
| Loans and receivables | 10 | - | - | - | 10 |
| Trade and other receivables | 25,011 | - | - | - | 25,011 |
| Cash and cash equivalents | 4,754 | - | - | - | 4,754 |
| | 43,614 | 13,839 | - | - | 29,775 |
| **Financial Liabilities** | | | | | |
| **GROUP** | | | | | |
| Provision for claims reported by policyholders | (147,657) | - | - | - | (147,657) |
| Borrowings | (55,837) | - | - | - | (55,837) |
| Insurance payables | (18,601) | - | - | - | (18,601) |
| Trade and other payables | (94,223) | - | - | - | (94,223) |
| | (316,318) | - | - | - | (316,318) |
| **COMPANY** | | | | | |
| Trade and other payables | (2,619) | - | - | - | (2,619) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.1 Categories of financial instruments (continued)

| 30 June 2022 | Carrying amount | FVTPL | FVOCI - EIDUIR | FVOCI - DI | AC |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Financial Assets** | | | | | |
| **GROUP** | | | | | |
| Investments | 288,908 | 86,269 | 24,460 | 46,995 | 131,184 |
| Insurance receivables | 47,504 | - | - | - | 47,504 |
| Loans and receivables | 56,280 | - | - | - | 56,280 |
| Trade and other receivables | 73,873 | - | - | - | 73,873 |
| Cash and cash equivalents | 53,785 | - | - | - | 53,785 |
| | 520,350 | 86,269 | 24,460 | 46,995 | 362,626 |
| **COMPANY** | | | | | |
| Investments | 13,583 | 13,583 | - | - | - |
| Loans and receivables | 26 | - | - | - | 26 |
| Trade and other receivables | 45,993 | - | - | - | 45,993 |
| Cash and cash equivalents | 6,467 | - | - | - | 6,467 |
| | 66,069 | 13,583 | - | - | 52,486 |
| **Financial Liabilities** | | | | | |
| **GROUP** | | | | | |
| Provision for claims reported by policyholders | (150,821) | - | - | - | (150,821) |
| Borrowings | (19,159) | - | - | - | (19,159) |
| Insurance payables | (25,167) | - | - | - | (25,167) |
| Trade and other payables | (94,929) | - | - | - | (94,929) |
| | (290,076) | - | - | - | (290,076) |
| **COMPANY** | | | | | |
| Trade and other payables | (2,816) | - | - | - | (2,816) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.2 Net gains and losses arising from financial instruments

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net gains/(losses) on: | | | | |
| Financial assets at FVTPL | 17,244 | (12,172) | 12,106 | (3,298) |
| Debt instruments at FVOCI | | | | |
| - recognised in profit or loss | 4,055 | 4,349 | 1,428 | 1,331 |
| - recognised in other comprehensive income | 970 | (5,349) | - | - |
| | 5,025 | (1,000) | 1,428 | 1,331 |
| Equity instruments at FVOCI | | | | |
| - recognised in profit or loss | 1,241 | 2,374 | - | - |
| - recognised in other comprehensive income | (2,122) | (674) | - | - |
| | (881) | 1,700 | - | - |
| Financial assets at AC | (4,705) | (30,212) | (8,214) | (120,769) |
| Financial liabilities at AC | (2,919) | (883) | (29) | (21) |
| | 13,764 | (42,567) | 5,291 | (122,757) |

### 43.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from loans receivables from money lending and other credit facilities, factoring receivables, insurance receivables, trade and other receivables, cash and cash equivalent and investments measured at AC. The Company's exposure to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to prior years.

#### (i) Receivables from money lending, other credit facilities and factoring businesses

*Risk management objectives, policies and process for managing the risk*

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Pledged securities, properties and personal/financial guarantees by shareholders, directors of customers are obtained, and credit evaluations are performed on customers requiring credit facilities over a certain amount.

There are no significant changes as compared to previous period.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from loans receivables from money lending and other credit facilities and factoring receivables are represented by the carrying amounts in the statements of financial position.

The Group obtains collaterals i.e., pledged securities, properties and personal/financial guarantees by shareholders, directors of customers in managing exposure to credit risk.

*Concentration of credit risk*

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

*Recognition and measurement of impairment loss*

In managing credit risk of loans receivables from money lending and other credit facilities and factoring receivables, the Group manages their receivables and takes appropriate actions (including but not limited to legal action) to recover long overdue balances. Generally, these receivables will pay within credit term. The Group's and the Company's debt recovery process is that when invoices which are exceeded credit terms, the Group will start to initiate a structured debt recovery process which is monitored by collection team.

The Group's current credit risk framework comprises the following categories:

| Category | The Group's definition of category | Basis for recognising ECL |
|---|---|---|
| Performing (Stage 1) | Debtors have a low risk of default and a strong capacity to meet contractual cashflows | 12-month ECL |
| Underperforming (Stage 2) | Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayment are 30 days past due | Lifetime ECL (not credit-impaired) |
| Non-performing (Stage 3) | Interest and/or principal repayments where there is evidence indicating the asset is credit-impaired | Lifetime ECL (credit-impaired) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**43 FINANCIAL INSTRUMENTS** (continued)

**43.4 Credit risk** (continued)

**(i) Receivables from money lending, other credit facilities and factoring businesses** (continued)

*Recognition and measurement of impairment loss* (continued)

Loans receivables from money lending and other credit facilities

The following table provides information about the exposure to credit risk and ECL for loans receivables from money lending and other credit facilities, based on a combination of collective and individual assessment:

| GROUP | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | | |
| Gross carrying amounts | 20,849 | - | 59,758 | 80,607 |
| Less: Impairment loss | | | | |
| - Individual assessment | - | - | (31,487) | (31,487) |
| - Collective assessment | (1,168) | - | - | (1,168) |
| | (1,168) | - | (31,487) | (32,655) |
| Net carrying amounts | (19,681) | - | 28,271 | 47,952 |
| **30 June 2022** | | | | |
| Gross carrying amounts | 26,020 | 12,028 | 30,118 | 68,166 |
| Less: Impairment loss | | | | |
| - Individual assessment | - | (674) | (18,201) | (18,875) |
| - Collective assessment | (1,457) | - | (34) | (1,491) |
| | (1,457) | (674) | (18,235) | (20,366) |
| Net carrying amounts | 24,563 | 11,354 | 11,883 | 47,800 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

**(i) Receivables from money lending, other credit facilities and factoring businesses** (continued)

*Recognition and measurement of impairment loss* (continued)

Loans receivables from money lending and other credit facilities (continued)

The movement of impairment loss for loans receivables from money lending and other credit facilities during the financial year is shown below:

| GROUP | Note | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 899 | - | 8,145 | 9,044 |
| Amounts written off | | - | - | (8,145) | (8,145) |
| Net remeasurement of impairment loss | 36 | 558 | 674 | 18,235 | 19,467 |
| At 30 June 2022 / 1 July 2022 | | 1,457 | 674 | 18,235 | 20,366 |
| Net remeasurement of impairment loss | 36 | (289) | (674) | 13,252 | 12,289 |
| At 30 June 2023 | | 1,168 | - | 31,487 | 32,655 |
| | | | | | (Note 15) |

The fair values of the collateralised by properties and shares held by the Group as at the date of the statement of financial position was RM58,960,602 (30.6.2022: RM62,281,663).

Upon default payment by the borrower, the terms and conditions associated with the use of the collaterals are:

(i) The Group shall notify the borrower in writing, and may sell the collaterals pledged at its discretion; and

(ii) The net proceeds of any such sale shall be applied towards discharge of the loan interests and principal due to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (i) Receivables from money lending, other credit facilities and factoring businesses (continued)

*Recognition and measurement of impairment loss* (continued)

Factoring receivables

The following table provides information about the exposure to credit risk and ECL for factoring receivables, based on a combination of collective and individual assessment:

| GROUP | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | | |
| Gross carrying amounts | - | 892 | 28,690 | 29,582 |
| Less: Impairment loss | | | | |
| - Individual assessment | - | - | (21,290) | (21,290) |
| - Collective assessment | - | (50) | - | (50) |
| | - | (50) | (21,290) | (21,340) |
| Net carrying amounts | - | 842 | 7,400 | 8,242 |
| **30 June 2022** | | | | |
| Gross carrying amounts | 4,642 | 242 | 28,744 | 33,628 |
| Less: Impairment loss | | | | |
| - Individual assessment | - | - | (21,344) | (21,344) |
| - Collective assessment | (260) | (14) | - | (274) |
| | (260) | (14) | (21,344) | (21,618) |
| Net carrying amounts | 4,382 | 228 | 7,400 | 12,010 |

The movement of impairment loss for factoring receivables during the financial year is shown below:

| GROUP | Note | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 614 | - | - | 614 |
| Net remeasurement of impairment loss | 36 | (354) | 14 | 21,344 | 21,004 |
| At 30 June 2022 / 1 July 2022 | | 260 | 14 | 21,344 | 21,618 |
| Net remeasurement of impairment loss | 36 | (260) | 36 | (54) | (278) |
| At 30 June 2023 | | - | 50 | 21,290 | 21,340 |
| | | | | | (Note 16) |

The fair values of the collaterised by properties and shares held by the Group as at the date of the statement of financial position was RM12,200,000 (30.6.2022: RM7,400,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (ii) Insurance receivables

*Risk management objectives, policies and process for managing the risk*

The General Insurance subsidiary has credit policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an on-going basis. The General Insurance subsidiary's credit risk policy sets out the assessment and determination of what constitutes credit risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Regular review of company policies is being conducted to ensure proper monitoring of direct and reinsurance receivables versus payables. The General Insurance subsidiary reserves the right to offset where counterparties are both debtors and creditors; cancel policies which are beyond the credit-term or those with lesser probability of being collected and terminate contract which the management believes to be non-productive. Commissions and claims are likewise being used as leverage to collect from counterparty. In the event of a major loss, the General Insurance subsidiary is backed up by reinsurers with strong financial standing.

Although the General Insurance subsidiary has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The General Insurance subsidiary selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the company's reinsurance programs.

The nature of the General Insurance subsidiary's exposure to credit risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from insurance receivables are represented by the carrying amounts in the statement of financial position.

Credit limits are also used to manage credit exposure specific to each intermediary depending on the size of its portfolio and its ability to meet its obligation based on past experience. The General Insurance subsidiary does not enter into collateral or credit enhancements.

The standard credit-term given by the General Insurance subsidiary is 90 days. However, accounts more than 90 days may be past due but not necessarily impaired. A 180 days credit-term may be given to those accounts with reciprocal business and those accounts involving bigger amount of sum insured or fleet accounts which as practiced are subject to quarterly remittance scheme.

*Recognition and measurement of impairment loss*

The General Insurance subsidiary uses a simplified approach in the calculation of its ECL on its insurance receivables by using a provision matrix that specifies the fixed provision rates. It considers how the current and forward-looking information might affect the customer's historical default rates and consequently, how the information would affect the current expectations and estimates of ECL.

Historical credit loss rate is computed using the net flow rate of the aging of receivables based on the number of days it is past due. Whereas, forward looking rate is derived by using forecast information of macroeconomic factors such as gross domestic product and inflation rates through regression analysis.

The assessment of the correlation amongst the historical credit loss rates, forecast economic conditions and ECL is a significant estimate. Thereby, changes in circumstances and forecast on economic conditions will greatly impact the ECL calculation which later on may not be a representation of the customer's actual default in the future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

**(ii) Insurance receivables** (continued)

*Recognition and measurement of impairment loss* (continued)

The following table provides information about the exposure to credit risk and ECL for insurance receivables:

| | Gross carrying amounts | Impairment loss | Net carrying amounts |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | |
| Current (not past due) | 31,215 | (16) | 31,199 |
| 1 to 30 days past due | 5,459 | (17) | 5,442 |
| 31 to 60 days past due | 1,273 | (6) | 1,267 |
| 61 to 90 days past due | 429 | (4) | 425 |
| More than 90 days past due | 4,259 | (513) | 3,746 |
| Impaired | 673 | (673) | - |
| | 43,308 | (1,229) | 42,079 |
| **30 June 2022** | | | |
| Current (not past due) | 29,672 | (16) | 29,656 |
| 1 to 30 days past due | 3,543 | (10) | 3,533 |
| 31 to 60 days past due | 6,312 | (34) | 6,278 |
| 61 to 90 days past due | 2,111 | (15) | 2,096 |
| More than 90 days past due | 6,500 | (559) | 5,941 |
| Impaired | 62 | (62) | - |
| | 48,200 | (696) | 47,504 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (ii) Insurance receivables (continued)

*Recognition and measurement of impairment loss* (continued)

The movement of impairment loss for insurance receivables during the financial year is shown below:

| | | Simplified Approach | Simplified Approach | Lifetime ECL Credit-impaired | |
|---|---|---|---|---|---|
| **GROUP** | **Note** | **Due premiums from brokers and agents** | **Due from and funds held by ceding companies** | **Reinsurance recoverable on paid losses** | **Total** |
| | | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| At 1 January 2021 | | 517 | 125 | 255 | 897 |
| Net remeasurement of impairment loss | 36 | (291) | (31) | 153 | (169) |
| Effect of movements in exchange rates | | (12) | (4) | (16) | (32) |
| At 30 June 2022 / 1 July 2022 | | 214 | 90 | 392 | 696 |
| Amounts written off | | - | - | (712) | (712) |
| Net remeasurement of impairment loss | 36 | 520 | 20 | 663 | 1,203 |
| Effect of movements in exchange rates | | 25 | 6 | 11 | 42 |
| At 30 June 2023 | | 759 | 116 | 354 | 1,229 |
| | | | | | (Note 14) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (iii) Trade and other receivables

*Risk management objectives, policies and process for managing the risk*

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group assesses whether any of trade and other receivables are credit impaired.

The gross carrying amounts of credit-impaired trade and other receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, trade and other receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous period.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables are represented by the carrying amounts in the statements of financial position.

*Recognition and measurement of impairment loss*

The Group applies the simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In circumstances where there was no historical credit loss experience, the Group has used prevailing market non-performing loan data as the proxy for the credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (iii) Trade and other receivables (continued)

*Recognition and measurement of impairment loss* (continued)

Trade receivables

The following table provides information about the exposure to credit risk and ECL for trade receivables:

| GROUP | Gross carrying amounts | Impairment loss | Net carrying amounts |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | |
| Current (not past due) | 1,003 | (6) | 997 |
| 1 to 30 days past due | 858 | (58) | 800 |
| 31 to 90 days past due | 434 | (196) | 238 |
| More than 90 days past due | 3,871 | (1,574) | 2,297 |
| | 6,166 | (1,834) | 4,332 |
| **30 June 2022** | | | |
| Current (not past due) | 1,411 | (54) | 1,357 |
| 1 to 30 days past due | 622 | (32) | 590 |
| 31 to 90 days past due | 508 | (46) | 462 |
| More than 90 days past due | 2,331 | (1,501) | 830 |
| | 4,872 | (1,633) | 3,239 |

The movement of impairment loss for trade receivables during the financial year is shown below:

| GROUP | Note | Not credit-impaired | Credit-impaired | Total |
|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 139 | 813 | 952 |
| Amounts written off | | - | (68) | (68) |
| Net remeasurement of impairment loss | 36 | (7) | 756 | 749 |
| At 30 June 2022 / 1 July 2022 | | 132 | 1,501 | 1,633 |
| Net remeasurement of impairment loss | 36 | 128 | 73 | 201 |
| At 30 June 2023 | | 260 | 1,574 | 1,834 |
| | | | | (Note 16) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (iii) Trade and other receivables (continued)

*Recognition and measurement of impairment loss* (continued)

Other receivables

The movement of impairment loss for other receivables during the financial year is shown below:

| GROUP | Note | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 158 | - | 22,218 | 22,376 |
| Acquisition through business combinations | | - | 745 | - | 745 |
| Amounts written off | | - | - | (204) | (204) |
| Net remeasurement of impairment loss | 36 | (128) | 47 | - | (81) |
| At 30 June 2022 / 1 July 2022 | | 30 | 792 | 22,014 | 22,836 |
| Amounts written off | | - | - | (22,014) | (22,014) |
| Net remeasurement of impairment loss | 36 | (30) | 251 | - | 221 |
| At 30 June 2023 | | - | 1,043 | - | 1,043 |
| | | | | | (Note 16) |

Interest receivables from investment notes

The movement of impairment loss for interest receivables from investment notes during the financial year is shown below:

| GROUP | Note | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 |
| At 1 July 2022 | | - | - | - |
| Net remeasurement of impairment loss | 36 | 3 | 143 | 146 |
| At 30 June 2023 | | 3 | 143 | 146 |
| | | | | (Note 16) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (iv) Investments measured at AC

The Group's investment in debt securities are related to government debt securities issued by the Philippines Government which are considered as risk-free debt securities and corporate debt securities issued by stable companies and are considered to be of high creditworthiness. Accordingly, investments in these debt securities are considered to be low credit risk investments.

It is the Group's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the impairment loss allowance will be based on the lifetime ECL. The Group uses the ratings from external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL. In addition, the Group considers that there has been a significant increase in credit when contractual payments are more than 30 days past due.

As at the end of the reporting period, the maximum exposure to credit risk arising from investment in debt securities is represented by the carrying amounts in the statements of financial position.

The movement of impairment loss for investments measured at AC during the financial year is shown below:

| | | 12-month ECL | | | |
|---|---|---|---|---|---|
| GROUP | Note | Government debt securities | Corporate debt securities | Investment notes | Total investments at AC |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 21 | 1,207 | - | 1,228 |
| Net remeasurement of impairment loss | 36 | (6) | 214 | - | 208 |
| Effect of movements in exchange rates | | (1) | (55) | - | (56) |
| At 30 June 2022 / 1 July 2022 | | 14 | 1,366 | - | 1,380 |
| Net remeasurement of impairment loss | 36 | (2) | (1,212) | 259 | (955) |
| Effect of movements in exchange rates | | 2 | 35 | - | 37 |
| At 30 June 2023 | | 14 | 189 | 259 | 462 |
| | | | | | (Note 11) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

**(v) Cash and cash equivalents and fixed and call deposit with maturity more than three months**

The cash and cash equivalents and fixed and call deposit with maturity more than three months are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

These bank and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. However, it is the Group's policy to measure ECL on such instruments on a 12-month basis.

The movement of impairment loss for cash and cash equivalents and fixed and call deposits during the financial year is shown below:

| GROUP | Note | 12-month ECL<br>Fixed and call deposits | <br>Cash and cash equivalents |
|---|---|---|---|
| | | RM'000 | RM'000 |
| At 1 January 2021 | | 24 | 90 |
| Net remeasurement of impairment loss | 36 | - | (4) |
| Effect of movements in exchange rates | | (1) | (3) |
| At 30 June 2022 / 1 July 2022 | | 23 | 83 |
| Net remeasurement of impairment loss | 36 | - | (37) |
| Effect of movements in exchange rates | | 1 | 4 |
| At 30 June 2023 | | 24 | 50 |
| | | (Note 15) | (Note 19) |

**(vi) Inter-company loans and advances**

*Risk management objectives, policies and process for managing the risk*

The Group or the Company provided unsecured loans and advances to subsidiaries and associates. The Group or the Company monitors the ability of the subsidiaries and associates to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

#### (vi) Inter-company loans and advances (continued)

*Recognition and measurement of impairment loss*

Generally, the Group or the Company considers loans and advances to subsidiaries and associates have low credit risk. The Group or the Company assumes that there is a significant increase in credit risk when a subsidiary's or associate's financial position deteriorates significantly.

As the Group or the Company is able to determine the timing of payments of the subsidiaries' or associates' loans and advances when they are payable, the Group or the Company considers the loans and advances to be in default when the subsidiaries or associates are not able to pay when demanded. The Group or the Company considers subsidiaries' or associate's loans and advances to be credit-impaired when:

- The subsidiary or associate is unlikely to repay its loans and advances to the Group or the Company in full;
- The subsidiary's or associate's loan is overdue for more than 365 days; or
- The subsidiary or associate is continuously loss making and is having a deficit shareholders' fund.

The Group or the Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECL for amounts due from subsidiaries:

| COMPANY | Stage 2 Lifetime ECL Not credit-impaired | Stage 3 Lifetime ECL Credit-impaired | Total |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **30 June 2023** | | | |
| Gross carrying amounts | 11,644 | 119,163 | 130,807 |
| Less: Impairment loss | (11,644) | (119,163) | (130,807) |
| Net carrying amounts | - | - | - |
| **30 June 2022** | | | |
| Gross carrying amounts | 23,062 | 120,766 | 143,828 |
| Less: Impairment loss | (1,527) | (120,766) | (122,293) |
| Net carrying amounts | 21,535 | - | 21,535 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.4 Credit risk (continued)

**(vi) Inter-company loans and advances** (continued)

*Recognition and measurement of impairment loss* (continued)

The movement of impairment loss for amounts due from subsidiaries during the financial year is shown below:

| COMPANY | Note | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | 1,524 | - | - | 1,524 |
| Net remeasurement of impairment loss | 36 | (1,524) | 1,527 | 120,766 | 120,769 |
| At 30 June 2022 / 1 July 2022 | | - | 1,527 | 120,766 | 122,293 |
| Net remeasurement of impairment loss | 36 | - | 10,117 | (1,603) | 8,514 |
| At 30 June 2023 | | - | 11,644 | 119,163 | 130,807 |
| | | | | | (Note 16) |

The movement of impairment loss for amounts due from associates during the financial year is shown below:

| GROUP | Note | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL Not credit-impaired | Stage 3<br>Lifetime ECL Credit-impaired | Total |
|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | | - | - | 15 | 15 |
| Derecognition due to step acquisition | | - | - | (15) | (15) |
| Net remeasurement of impairment loss | 36 | 29 | - | - | 29 |
| At 30 June 2022 / 1 July 2022 | | 29 | - | - | 29 |
| Net remeasurement of impairment loss | 36 | (1) | - | - | (1) |
| At 30 June 2023 | | 28 | - | - | 28 |
| | | | | | (Note 16) |

### 43.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group seeks to ensure all business units monitor and maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored regularly and an adequate cushion in the form of cash and very liquid investments are maintained at all times.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significant different amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.5 Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period. The amounts disclosed in the table below are based on undiscounted contractual cash flow basis except for insurance contract liabilities, the maturity profiles of which are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

| 30 June 2023 | Carrying value | Contractual interest rate | Contractual cash flows | Under 1 year | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| | RM'000 | % | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | | | | |
| Insurance contract liabilities – provision for outstanding claims | 147,657 | | 147,657 | 147,657 | - | - | - |
| Borrowings | | | | | | | |
| - Loans from substantial shareholder | 40,187 | 8% | 40,187 | 40,187 | - | - | - |
| - Redeemable preference shares | 15,481 | 4% | 15,481 | 12,301 | 3,180 | - | - |
| - Hire purchase liabilities | 169 | 2.53% to 4.05% | 195 | 56 | 90 | 49 | - |
| Lease liabilities | 52,573 | 1.58% to 8% | 62,372 | 17,296 | 31,851 | 2,662 | 10,563 |
| Insurance payables | 18,601 | | 18,601 | 18,601 | - | - | - |
| Trade and other payables | 94,223 | | 94,223 | 94,223 | - | - | - |
| | 368,891 | | 378,716 | 330,321 | 35,121 | 2,711 | 10,563 |
| **COMPANY** | | | | | | | |
| Lease liabilities | 186 | 8% | 190 | 190 | - | - | - |
| Trade and other payables | 2,619 | | 2,619 | 2,619 | - | - | - |
| | 2,805 | | 2,809 | 2,809 | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.5 Liquidity risk (continued)

*Maturity analysis* (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period. The amounts disclosed in the table below are based on undiscounted contractual cash flow basis except for insurance contract liabilities, the maturity profiles of which are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities. (continued)

| 30 June 2022 | Carrying value | Contractual interest rate | Contractual cash flows | Under 1 year | 1 - 2 years | 2 - 5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| | RM'000 | % | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | | | | |
| Insurance contract liabilities – provision for outstanding claims | 150,821 | | 150,821 | 150,821 | - | - | - |
| Borrowings | | | | | | | |
| - Margin trading finance liability | 18,943 | BLR + 0.5% | 18,943 | 18,943 | - | - | - |
| - Hire purchase liabilities | 216 | 2.53% to 4.05% | 258 | 62 | 106 | 72 | 18 |
| Lease liabilities | 45,286 | 1.58% to 8% | 52,533 | 13,213 | 18,884 | 15,376 | 5,060 |
| Insurance payables | 25,167 | | 25,167 | 25,167 | - | - | - |
| Trade and other payables | 94,929 | | 94,929 | 94,929 | - | - | - |
| | 335,362 | | 342,651 | 303,135 | 18,990 | 15,448 | 5,078 |
| **COMPANY** | | | | | | | |
| Lease liabilities | 609 | 8% | 646 | 456 | 190 | - | - |
| Trade and other payables | 2,816 | | 2,816 | 2,816 | - | - | - |
| | 3,425 | | 3,462 | 3,272 | 190 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

The Group manages market risks through setting of investment policy and asset allocation, approving portfolio limit structure and risk management methodologies, approving hedging if needed and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with the Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework.

**Foreign currency risk**

The Group's and the Company's primary transactions are carried out in RM. The Group has an overseas subsidiary that operates in Philippines whose revenue and expenses are denominated in Philippine Peso ("PHP"). Some of the Group's and the Company's financial assets are held in United States Dollar ("USD"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), Indonesia Rupiah ("IDR"), Philippine Peso ("PHP"), and Euro ("EUR"). Consequently, the Group and the Company are exposed to risks that the exchange rate relative to other foreign currencies may affect the value of the Group's and the Company's financial assets denominated in currencies other than the functional currency of the Group entities.

Foreign currency risk impacting the Group's and the Company's profit or loss arises both from external investing activities and intra-company operating activities. Foreign currency risk relating to investing and operating activities in the normal course of business are generally not hedged.

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

**30 June 2023**

| | USD | AUD | SGD | HKD | IDR | EUR | Total |
|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | | | | |
| Investments at FVTPL | | | | | | | |
| Equity securities | - | 13,091 | 199 | 256 | 115 | - | 13,661 |
| Unit trusts | 43 | - | - | - | - | - | 43 |
| Insurance receivables | 4,661 | - | - | - | - | - | 4,661 |
| Trade and other receivables | - | - | - | - | - | 10,362 | 10,362 |
| Cash and cash equivalents | 3,380 | - | 136 | 67 | - | 2 | 3,585 |
| | 8,084 | 13,091 | 335 | 323 | 115 | 10,364 | 32,312 |
| **COMPANY** | | | | | | | |
| Investments at FVTPL | | | | | | | |
| Equity securities | - | 13,091 | 199 | 256 | 115 | - | 13,661 |
| Unit trusts | 43 | - | - | - | - | - | 43 |
| Cash and cash equivalents | 70 | - | 136 | 67 | - | - | 273 |
| | 113 | 13,091 | 335 | 323 | 115 | - | 13,977 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.6 Market risk (continued)

**Foreign currency risk** (continued)

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

**30 June 2022**

| | USD | AUD | SGD | HKD | THB | IDR | EUR | Total |
|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | | | | | |
| Investments at FVTPL | | | | | | | | |
| Equity securities | - | 12,700 | 266 | 260 | 49 | 69 | - | 13,344 |
| Insurance receivables | 1,722 | - | - | - | - | - | - | 1,722 |
| Trade and other receivables | - | - | - | - | - | - | 14,543 | 14,543 |
| Cash and cash equivalents | 2,735 | - | 39 | 66 | - | - | 2,585 | 5,425 |
| | 4,457 | 12,700 | 305 | 326 | 49 | 69 | 17,128 | 35,034 |
| **COMPANY** | | | | | | | | |
| Investments at FVTPL | | | | | | | | |
| Equity securities | - | 12,700 | 266 | 260 | 49 | 69 | - | 13,344 |
| Cash and cash equivalents | 59 | - | 39 | 66 | - | - | - | 164 |
| | 59 | 12,700 | 305 | 326 | 49 | 69 | - | 13,508 |

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other variables held constant, showing the impact to profit after tax and equity.

| | Changes in variables | USD | AUD | SGD | HKD | THB | IDR | EUR |
|---|---|---|---|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | | | | | |
| 30 June 2023 | +5% | 307 | 497 | 13 | 12 | - | 4 | 394 |
| | -5% | (307) | (497) | (13) | (12) | - | (4) | (394) |
| 30 June 2022 | +5% | 169 | 483 | 12 | 12 | 2 | 3 | 651 |
| | -5% | (169) | (483) | (12) | (12) | (2) | (3) | (651) |
| **COMPANY** | | | | | | | | |
| 30 June 2023 | +5% | 4 | 497 | 13 | 12 | - | 4 | - |
| | -5% | (4) | (497) | (13) | (12) | - | (4) | - |
| 30 June 2022 | +5% | 2 | 483 | 12 | 12 | 2 | 3 | - |
| | -5% | (2) | (483) | (12) | (12) | (2) | (3) | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.6 Market risk (continued)

**Interest rate risk**

The Group and the Company are exposed to interest rate risk primarily through their investments in fixed income securities and deposit placements. Interest rate risk is managed by the Group and the Company on an ongoing basis.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact to profit after tax and equity.

| | Changes in variables | 30.6.2023 | 30.6.2022 |
|---|---|---|---|
| | | RM'000 | RM'000 |
| **GROUP** | | | |
| Interest rate | + 100 basis points | 100 | 113 |
| Interest rate | - 100 basis points | (100) | (113) |
| **COMPANY** | | | |
| Interest rate | + 100 basis points | 1 | 8 |
| Interest rate | - 100 basis points | (1) | (8) |

The method used for deriving sensitivity information and significant variables did not change from previous period.

**Equity price risk**

Equity price risk arises from the Group's and the Company's investments in equity securities.

The Group and the Company monitor and manage the equity exposure against policies set and as agreed by the Investment Committees of the Company and the subsidiary. These policies include monitoring the equity exposure against benchmark set, single security exposure of the portfolio against the limits set and using duration and convexity measurements.

The Group and the Company are exposed to price risk arising from investments held by the Group and the Company and classified in the statement of financial position as FVTPL and FVOCI investments that comprise quoted equities and unit trusts.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.6 Market risk (continued)

**Equity price risk** (continued)

The analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing on statements of profit or loss and other comprehensive and changes in equity (due to changes in fair value of FVOCI and FVTPL investments):

| | | Impact to profit after tax | | | |
|---|---|---|---|---|---|
| | | GROUP | | COMPANY | |
| | Changes in variables | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| FTSE Bursa Malaysia | | | | | |
| FBM KLCI | +15% | 82 | 96 | 20 | 36 |
| FBM KLCI | -15% | (82) | (96) | (20) | (36) |
| HKEX Hang Seng | | | | | |
| HSI | +15% | 38 | 39 | 38 | 39 |
| HSI | -15% | (38) | (39) | (38) | (39) |
| SGX Singapore Securities Market | | | | | |
| STI | +15% | 30 | 40 | 30 | 40 |
| STI | -15% | (30) | (40) | (30) | (40) |
| IDX Indonesia Stock Market | | | | | |
| JCI | +15% | 17 | 10 | 17 | 10 |
| JCI | -15% | (17) | (10) | (17) | (10) |
| SET Stock Exchange of Thailand | | | | | |
| SET | +15% | - | 7 | - | 7 |
| SET | -15% | - | (7) | - | (7) |
| PSE Philippines Stock Exchange | | | | | |
| PSEi | +15% | 6,701 | 7,458 | - | - |
| PSEi | -15% | (6,701) | (7,458) | - | - |
| ASX Australian Securities Exchange | | | | | |
| S&P/ASX 200 | +15% | 1,964 | 1,905 | 1,964 | 1,905 |
| S&P/ASX 200 | -15% | (1,964) | (1,905) | (1,964) | (1,905) |
| NYSE New York Stock Exchange | | | | | |
| NYA | +15% | 6 | - | 6 | - |
| NYA | -15% | (6) | - | (6) | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 43 FINANCIAL INSTRUMENTS (continued)

### 43.6 Market risk (continued)

**Equity price risk** (continued)

The analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing on statements of profit or loss and other comprehensive and changes in equity (due to changes in fair value of FVOCI and FVTPL investments): (continued)

| | | Impact on equity | | | |
|---|---|---|---|---|---|
| | | GROUP | | COMPANY | |
| | Changes in variables | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| PSE Philippines Stock Exchange | | | | | |
| PSEi | +15% | 2,663 | 3,648 | - | - |
| PSEi | -15% | (2,663) | (3,648) | - | - |

The method used for deriving sensitivity information and significant variables did not change from previous period.

## 44 OPERATION RISK

Operation risk arises from inadequate or failed performance of business functions or internal processes. Exposure to this risk can cause deficiencies or breakdowns in internal controls or processes, technology and external events such as interruption of business operations due to a breakdown of IT systems, landslide or flood.

The Group has developed comprehensive operating policies and procedures manuals for all business units to implement, measure, monitor and control the risks in order to avoid or reduce losses. Furthermore, the Group Financial Services Department facilitates regular internal audit and risk review be conducted by appointed advisors on business units to ensure the current procedures adhere to all rules and regulations.

## 45 COMPLIANCE RISK

Compliance risk is the risk arising from violations of, or non-conformance with business principles, internal policies and procedures, related laws, rules and regulations governing the Group's products and activities.

Consequently, the exposure to this risk can damage the Group's reputation, and lead to legal or regulatory sanctions and/or financial loss.

The Group has established a Compliance Framework to ensure that the companies within the Group are in compliance with all laws and regulatory requirements. The Audit & Governance Committee and the Board have oversight of the Group's compliance matters through the Compliance Framework implemented by the Compliance officers in the Group. In addition, the core regulated subsidiaries in the Group have their respective dedicated compliance and/or governance teams to manage the compliance functions to ensure its process, internal policies and procedures comply with the applicable laws and guidelines issued by the regulatory authorities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 46 CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages the capital of the Group to ensure sources of capital and the related costs meet the overall objectives of the capital management plan. Excess capital generated from profits at the subsidiary level exceeding planned requirements is returned to the Company in the form of dividends or capital reduction under the Group's capital management plan.

There was no change in the Group's approach to capital management during the financial year.

The debt-equity ratios as at 30 June 2023 and at 30 June 2022 were as follows:

| | | GROUP | |
|---|---|---|---|
| | Note | 30.6.2023 | 30.6.2022 |
| | | RM'000 | RM'000 |
| Borrowings | 22 | 55,837 | 19,159 |
| Lease liabilities | 5(b) | 52,573 | 45,286 |
| Less: fixed and call deposits with maturity more than 3 months | 15 | (5,277) | (4,981) |
| Less: cash and cash equivalents | 19 | (32,993) | (53,785) |
| **Net debt** | | 70,140 | 5,679 |
| **Equity attributable to owners of the Company** | | 390,612 | 379,016 |
| **Debt-to-equity ratio** | | 0.18 | 0.01 |

Under the New Insurance Code issued by the Insurance Commission ("IC") of the Philippines, the Group's General Insurance subsidiary company, MAA General Assurance Philippines, Inc. ("MAAGAP") is required to comply with both the Net Worth requirements at increasing levels at each internal of three years until 31 December 2022 and the Risk Based Capital ("RBC") requirements.

The following table shows the minimum net worth and compliance schedule per New Insurance Code.

| Minimum Net worth | Compliance date |
|---|---|
| Php550,000,000 | 31 December 2016 |
| Php900,000,000 | 31 December 2019 |
| Php1,300,000,000 | 31 December 2022 |

Under Amended Risk-Based Capital ("RBC2") Framework issued by the IC, which provides the quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital and RBC ratio is the total available capital expressed as a percentage of RBC requirement. The minimum RBC ratio is set at 100%.

At the end of the reporting period, MAAGAP has statutory net worth in excess of the minimum net worth requirement of Php1,300,000,000 and also complied with the minimum of RBC ratio of 100% requirement.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 47 CAPITAL AND OTHER COMMITMENTS

Significant capital expenditure contracted but not provided for at the date of the statement of financial position is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.6.2023 | 30.6.2022 | 30.6.2023 | 30.6.2022 |
| | RM’000 | RM’000 | RM’000 | RM’000 |
| Property, plant and equipment | | | | |
| - Computer and software | 510 | 500 | - | - |
| - Furniture, fitting and equipment | 2,751 | 1,000 | - | - |
| - Renovation | 14,686 | 13,850 | - | - |
| | 17,947 | 15,350 | - | - |

## 48 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly, including any Director (whether executive or otherwise). The key management personnel of the Group and of the Company include all the Directors of the Group, the Chief Executive Officers and certain members of senior management of the Group.

The other related parties of, and their relationships with the Group and the Company are as follows:

| Related party | Relationship |
|---|---|
| Melewar Equities Sdn Bhd | Indirect substantial shareholder of the Company |
| Trace Management Services Sdn Bhd | Company controlled by certain Directors of the Company |
| Melewar Industrial Group Berhad | Company controlled by certain Directors of the Company |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 48 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

**Significant related party transactions**

During the financial year, the Group and the Company undertook various transactions based on agreed terms and conditions with its subsidiaries, associates and other companies deemed related parties as disclosed above. The significant related party transactions of the Group and of the Company are shown below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Transactions with subsidiaries** | | | | |
| Interest income | **-** | - | **7,260** | 8,648 |
| Management fee income | **-** | - | **120** | 115 |
| Staff secondment fee income | **-** | - | **-** | 131 |
| **Transactions with related parties** | | | | |
| Rental income from: | | | | |
| Melewar Industrial Group Berhad | **87** | 131 | **-** | - |
| Melewar Equities Sdn Bhd | **56** | 85 | **-** | - |
| Office service fee income from: | | | | |
| Melewar Industrial Group Berhad | **20** | 30 | **-** | - |
| Melewar Equities Sdn Bhd | **13** | 20 | **-** | - |
| Company secretarial and related fees to Trace Management Services Sdn Bhd | **(291)** | (465) | **(202)** | (321) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 48 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

**Significant related party balances**

The significant related party balances of the Group and of the Company are disclosed in Notes 16 and 24 to the financial statements respectively.

**Key management personnel compensation**

The total remuneration (including benefit-in-kind) received by Directors, Chief Executive Officers and other key management personnel of the Group and of the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) | 1.7.2022 to 30.6.2023 (12 months) | 1.1.2021 to 30.6.2022 (18 months) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Executive Directors** | | | | |
| - salaries | 4,891 | 6,548 | 1,923 | 2,884 |
| - bonus | 815 | 1,702 | 481 | 880 |
| - contributions to Employees' Provident Fund | 598 | 836 | 385 | 602 |
| - fees | 16 | 76 | - | - |
| - allowances | 184 | 270 | - | - |
| - other emoluments | 473 | 2 | - | - |
| | 6,977 | 9,434 | 2,789 | 4,366 |
| - estimated monetary value of benefits-in-kind | 60 | 44 | 21 | 34 |
| | 7,037 | 9,478 | 2,810 | 4,400 |
| **Non-executive Directors** | | | | |
| - fees | 327 | 1,076 | 184 | 337 |
| - allowances | 104 | 200 | 82 | 163 |
| - other emoluments | 8 | - | - | - |
| | 439 | 1,276 | 266 | 500 |
| | 7,476 | 10,754 | 3,076 | 4,900 |
| **Chief Executive Officers** | | | | |
| - salaries | 1,774 | 2,684 | - | - |
| - bonus | 293 | 214 | - | - |
| - contributions to Employees' Provident Fund | 59 | 115 | - | - |
| - fees | 16 | 25 | - | - |
| - allowances | 90 | 130 | - | - |
| - other emoluments | 465 | 614 | - | - |
| | 2,697 | 3,782 | - | - |
| - estimated monetary value of benefits-in-kind | 19 | - | - | - |
| | 2,716 | 3,782 | - | - |
| **Other key management personnel** | | | | |
| - short term employee benefits | 2,872 | 4,317 | 2,266 | 3,457 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 49 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI

(a) Transaction with NCI - MAA General Assurance Philippines, Inc.

On 26 October 2022, MAA International Group Ltd ("MAAIG"), a wholly owned sub-subsidiary of the Company acquired 7,140 ordinary shares representing 1.05% of the share capital of MAA General Assurance Philippines, Inc. ("MAAGAP") from a minority shareholder Daniel C. Go for a total cash consideration of PHP22,116,212.80 or RM1,782,124 (based on exchange rate of PHP100: RM8.06). With the said acquisition, MAAIG's equity interest increased from 98.95% to 100%.

The Group recognised a decrease of NCI of RM3,928,000 and an increase in retained earnings of RM2,146,000.

The following summarises the effect of the changes in the equity interests in MAAGAP that is attributable to the owners of the Company:

| | RM'000 |
|---|---|
| Carrying amount of NCI acquired | 3,928 |
| Cash consideration paid to NCI | (1,782) |
| Increase in equity attributable to owners of the Company | 2,146 |

(b) Transaction with NCI – Travel Club 360 Sdn Bhd

On 15 December 2022, Hospitality 360 Sdn Bhd ("H360") acquired 18,000 ordinary shares representing 9% of the share capital of Travel Club 360 Sdn Bhd ("TC360") from Lee Yan Sheng for a total consideration of RM1. With the said acquisition, H360's equity interest in TC360 increased from 51% to 60%.

The Group recognised an increase of NCI of RM159,000 and a decrease in retained earnings of RM159,000.

The following summarises the effect of the changes in the equity interests in TC360 that is attributable to the owners of the Company:

| | RM'000 |
|---|---|
| Carrying amount of NCI acquired | (159) |
| Cash consideration paid to NCI | * |
| Decrease in equity attributable to owners of the Company | (159) |

* Denote RM1

**49 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI** (continued)

(c) Step up acquisition of MAA Bancwell Trustee Berhad ("MAA Bancwell")

On 4 February 2021, MAA Credit Berhad, a wholly owned sub-subsidiary of the Company acquired 11,000 ordinary shares representing 11% of the share capital of MAA Bancwell from Melewar Group Berhad for a total consideration of RM7,000. With this acquisition, the Group's equity interest in MAA Bancwell increased from 49% to 60%, making MAA Bancwell a subsidiary of the Group.

The following summarises the consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at the acquisition date:

(i) Fair value of consideration transferred

| | **RM'000** |
|---|---|
| Cash and cash equivalents | 7 |

(ii) Identifiable assets acquired and liabilities assumed

| | **RM'000** |
|---|---|
| Trade and other receivables | 102 |
| Cash and cash equivalents | 13 |
| Trade and other payables | (57) |
| Total net identifiable assets acquired | 58 |

(iii) Goodwill

Goodwill was recognised as a result of the step up acquisition as follows:

| | **Note** | **RM'000** |
|---|---|---|
| Total consideration transferred | | 7 |
| Fair value of previously held equity interest in MAA Bancwell | | 29 |
| NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of MAA Bancwell | | 23 |
| | | 59 |
| Less: total fair value of net identifiable assets acquired | | (58) |
| Goodwill | 8 | 1 |

The Group had impaired the goodwill of RM1,000 arising from the step up acquisition of MAA Bancwell as the company was in a loss-making position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 49 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI (continued)

(c) Step up acquisition of MAA Bancwell Trustee Berhad ("MAA Bancwell") (continued)

(iv) Remeasurement of previously held equity interest

| | Note | RM'000 |
|---|---|---|
| Fair value of previously held equity interest | | 29 |
| Less: carrying value immediately before the acquisition date | | - |
| Gain on remeasurement | 34 | 29 |
| Deferred tax liabilities | 12 | (7) |
| | | 22 |

The remeasurement to fair value of the Group's existing 49% interest in MAA Bancwell resulted in a gain of RM29,000, which has been recognised in profit or loss as other income.

(v) Net cash inflow arising from step up acquisition

| | RM'000 |
|---|---|
| Purchase consideration settled in cash and cash equivalents | (7) |
| Cash and cash equivalent acquired | 13 |
| | 6 |

(d) Acquisition of subsidiaries by Hospitality 360 Sdn Bhd ("H360")

On 20 January 2021, Trinidad Signatures Suites Sdn Bhd ("TSSSB"), a subsidiary of H360 acquired 100 ordinary shares representing 100% of the share capital of NS Global Management Sdn Bhd ("NS Global") from Rajes M. Daswani and NS Global Assets Sdn Bhd respectively for a total consideration of RM100;

On 1 April 2021, TSSSB acquired 6,590,765 ordinary shares representing 100% of the share capital of Clear Dynamic Sdn Bhd ("Clear Dynamic") from Nusajaya Consolidated Sdn Bhd for a total consideration of RM300,000;

On 6 August 2021, Staysuites Malaysia Sdn Bhd ("Staysuites"), a sub-subsidiary of H360 subscribed for 51 ordinary shares at an issue price of RM1 each, representing 51% of the share capital in a new subsidiary, Vacation Rental Advisory Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM51;

On 17 August 2021, H360 acquired 50,000 ordinary shares representing 50% of the share capital of Dine 360 Sdn Bhd ("Dine 360") from Wawasan Hakiki Sdn Bhd for a total consideration of RM1. With the said acquisition, H360's equity interest in Dine 360 increased from 50% to 100%; and

On 26 May 2022, Staysuites acquired 51 ordinary shares representing 51% of the share capital from Chariskey Suites Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM1.

The following summarises the consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at the acquisition date:

(i) Fair value of consideration transferred

| | RM'000 |
|---|---|
| Cash and cash equivalents | 300 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 49 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI (continued)

(d) Acquisition of subsidiaries by Hospitality 360 Sdn Bhd ("H360") (continued)

The following summarises the consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at the acquisition date: (continued)

(ii) Identifiable assets acquired and liabilities assumed

| | Note | RM'000 |
|---|---|---|
| Property, plant and equipment | 4 | 471 |
| ROU assets | 5(a) | 564 |
| Trade and other receivables | | 513 |
| Cash and cash equivalents | | 1,367 |
| Lease liabilities | 5(b) | (622) |
| Trade and other payables | | (4,512) |
| Current tax liabilities | | (2) |
| Total net identifiable liabilities acquired | | (2,221) |
| NCI | | (29) |
| Goodwill arising from business combinations | 8 | 2,564 |
| Reserve arising from a business combination | 34 | (14) |
| Total consideration transferred | | 300 |

The goodwill was attributable mainly to the skill of acquired subsidiaries' workforce and the synergies expected to be achieved from the expansion of the H360's existing hospitality, leisure and Cigar business segments. The goodwill was not deductible for tax purposes.

H360 had impaired the goodwill of RM2,564,000 arising from the acquisition of subsidiaries.

(iii) Net cash inflows arising from acquisition of subsidiaries

| | RM'000 |
|---|---|
| Total purchase consideration settled in cash and cash equivalents | (300) |
| Cash and cash equivalents acquired | 1,367 |
| | 1,067 |

(e) Transactions with NCI

On 8 January 2021, Hospitality 360 Sdn Bhd ("H360") acquired 140,000 ordinary shares representing 14% of the share capital of Trinidad Signature Suites Sdn Bhd ("TSSSB") from Dato' Indera Naresh Mohan for a total consideration of RM10. With the said acquisition, H360's equity interest in TSSSB increased from 51% to 65%; and

On 23 March 2021, H360 subscribed 999,900 ordinary shares at an issue price of RM1 each in the capital of Trisend Logistic Technologies Sdn Bhd ("TLTSB") for a total consideration of RM999,900. With the said subscription, H360's equity interest in TLTSB increased from 55% to 99.99%.

The Group recognised an increase of NCI of RM1,387,000 and a decrease in retained earnings of RM1,387,000.

The following summarises the effect of the changes in the equity interests in TSSSB and TLTSB that is attributable to the owners of the Company:

| | RM'000 |
|---|---|
| Carrying amount of NCI acquired | (1,387) |
| Cash consideration paid to NCI | -* |
| Decrease in equity attributable to owners of the Company | (1,387) |

* Denote RM10

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS

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

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

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

Further to the e-review case management held on 7 July 2021, the Court issued an Ad Interim Injunctive Order (interim injunction) against MAAG, IDC and the IB.

On 27 September 2021, the decision on the inter-parties for Empire's Injunction Application was delivered by Yang Arif Tuan Ong Chee Kwan, Judicial Commissioner ("YA OCK"), via e-review. YA OCK decided as follows:

(i) Empire's Injunction Application is dismissed;

(ii) The Ad Interim Injunctive Order against the Defendants, first granted on 7 July 2021, is set aside; and

(iii) Empire to pay cost of RM35,000 each to IDC and IB, MAAG and TY.

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

Empire and MAAG agreed to grant each other certain undertakings, pending the disposal of the Appeals by the Court of Appeal. In exchange for the abovementioned undertakings by MAAG to Empire, and the abovementioned cross-undertakings by Empire to MAAG, Empire agreed to withdraw its Notice of Motion against MAAG.

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

(i) The Appeals were dismissed.

(ii) The decision by YA OCK, at the High Court of Malaya ("High Court") at Kuala Lumpur dated 27 September 2021, was upheld.

(iii) The Court of Appeal awarded costs of RM20,000 to the MAAG.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

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

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

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

The Order 14A Application filed by Empire was heard by the High Court on 18 February 2022. The Order 14A Application was dismissed; and costs of RM30,000 each was awarded to IDC, IB, MAAG and TY. Following the dismissal of the Order 14A Application, the Second Injunction Application filed by Empire pending the disposal of the Order 14A Application was struck out by the High Court, with no order as to costs.

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

The Trial for the Litigation was conducted physically at the High Court before YA OCK, on 15 June 2022, 16 June 2022, 28 September 2022, 29 September 2022 and 30 September 2022.

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

On 22 November 2022, MAAG's solicitor was served with a sealed Notice of Application and Supporting Affidavit ("Postponement Application") by Empire's solicitor. The Case Management for the Postponement Application was fixed on 28 November 2022 which was later vacated to 30 November 2022.

On 30 November 2022, YA OCK heard the Postponement Application and dismissed the Postponement Application and further awarded costs of RM30,000 to the IDC, IB, MAAG and TY. The High Court also fixed 27 February 2023 to hear the submission of 'no case to answer' by parties who elected to submit a 'no case to answer'.

On 3 February 2023, MAAG's solicitor was served by Empire's solicitor, a notice of motion seeking an order that the entire proceedings at the High Court is stayed until the disposal of the Appeal and that all proceedings at the High Court be postponed and/or stayed pending the full and final disposal of the Appeal ("Notice of Motion"). The Case Management for the said Notice of Motion was conducted on 9 February 2023 and concluded on 10 February 2023. The Court fixed 30 March 2023 to hear the Notice of Motion.

On 24 March 2023, the High Court heard the oral submission of 'No Case to Answer' by solicitors of the Defendants (IDC, IB, MAAG and TY). After hearing the oral submission, YA OCK decided in favour of the Defendants and awarded costs of RM80,000 each to the IDC, IB, MAAG and TY. Later, MAAG's solicitor was served with an unsealed notice of appeal from Empire's solicitors ("295 Appeal").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

On 30 March 2023, the Court of Appeal struck off the Notice of Motion and allowed Empire's solicitor to file a formal application to allow Order 14A Appeal and 295 Appeal to be heard together.

On 13 April 2023, a Case Management was conducted where the Court of Appeal gave its directions in terms of Empire's application to consolidate Order 14A Appeal and 295 Appeal.

On 17 May 2023, MAAG's solicitor was served with an unsealed copy of a notice of motion filed by Empire's solicitor to apply to the Court of Appeal to have the Order 14A Appeal and 295 Appeal heard together ("Consolidation Application"). The Case Management for the Consolidation Application was conducted on 18 May 2023 where Court of Appeal gave directions in terms of filing of cause paper.

On 22 June 2023, the Case Management for 295 Appeal was conducted wherein the solicitors for the 1st, 2nd, 3rd, and 4th Respondent raised objections regarding the filing of certain documents by Empire in the Record of Appeal. The Court of Appeal has further fixed 25 July 2023 for a Case Management.

The hearing for the Consolidation Application was conducted on 15 September 2023 where the Court of Appeal allowed Empire's Consolidation Application. The Order 14A Appeal will be heard first followed by the 295 Appeal.

During a Case Management conducted on 27 September 2023, the Court of Appeal fixed the Hearing date for both the Order 14A Appeal and the 295 Appeal on 26 July 2024.

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

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

Turiya is seeking the determination of and directions from the High Court of Malaya at Kuala Lumpur ("High Court"), for the following question:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

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

In the Judicial Review Application, Turiya applied for:

(i) leave of the High Court to apply for a Mandamus order to compel the 1st Respondent (SC) to investigate the allegations made by the 3rd Respondent (Empire) regarding contraventions of securities laws and the Listing Requirements in respect of a Notice of Unconditional Mandatory Take-Over Offer by 2nd Respondent (MAAG) for all the remaining shares in Turiya which is not already held by the 2nd Respondent (MAAG) ("Notice");

(ii) an order that the whole of MAAG's unconditional mandatory take-over offer ("Offer") process be stayed pending the disposal of the Judicial Review Application and if leave is granted, pending the disposal of the substantive Judicial Review Application;

(iii) costs in the cause; and

(iv) such further reliefs as the High Court deems fit and suitable.

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

(i) that Turiya be granted leave to apply for a Mandamus order to compel the SC to investigate the Empire's allegations regarding contraventions of securities laws and the Listing Requirements in respect of the Notice; and

(ii) an interim stay order that the whole Offer process be stayed with liberty to the Respondents to set it aside ("Interim Stay Order").

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

(i) Turiya to file and serve a Notice of Application to withdraw the Judicial Review Application ("Withdrawal Application"), on or before 13 June 2022;

(ii) MAAG to file and serve a Notice of Application to set aside the interim stay order granted by the High Court on 23 May 2022 ("Setting Aside Application"), on or before 17 June 2022; and

(iii) The Hearing date for both the Withdrawal Application and the Setting Aside Application is fixed before the High Court Judge, Yang Arif Hakim Dato' Wan Ahmad Farid bin Wan Salleh ("YA WAF"), on 27 June 2022.

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

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

The SC did not object to the Withdrawal Application.

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

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

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

In the Empire's Judicial Review Application, Empire applied, ex-parte for:

(i) leave of the High Court to apply for a Mandamus order to compel the 1st Respondent (SC) to investigate the allegations made by 3rd Respondent (Turiya), in a thorough and complete manner, regarding contraventions of securities laws and the Listing Requirements in respect of a Notice of Unconditional Mandatory Take-Over Offer by the 2nd Respondent (MAAG) for all the remaining shares in Turiya which is not already held by the 2nd Respondent (MAAG) ("Notice");

(ii) an order that the whole of MAAG's unconditional mandatory take-over offer ("Offer") process be stayed pending the disposal of the Empire's Judicial Review Application and if leave is granted, pending the disposal of the substantive Empire's Judicial Review Application;

(iii) costs in the cause; and

(iv) such further reliefs as the High Court deems fit and suitable.

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

(i) that Empire be granted leave to apply for a Mandamus order to compel the SC to investigate the Empire's allegations, in a thorough and complete manner, regarding contraventions of securities laws and the Listing Requirements in respect of the Notice; and

(ii) a stay order that the whole Offer process be stayed pending the disposal of the substantive application of the Empire's Judicial Review Application.

On 4 July 2022, the solicitors of MAAG filed with the High Court and served on Empire, MAAG's Notice of Application for security for costs against Empire ("MAAG Application for Security for Costs"), MAAG's Supporting Affidavit and MAAG's Certificate of Urgency.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

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

On 11 August 2022, the following matters were conducted at the KL High Court (Special Powers Court 1), before Yang Arif Hakim Dato' Ahmad Kamal bi Md. Shahid ("YA Dato' Ahmad Kamal"):

(i) Case Management for the substantive Hearing of Empire's Judicial Review Application;

(ii) Hearing for the Application for Security for Costs; and

(iii) Hearing for the SC Application for Security for Costs.

During the Hearing for the SC Application for Security for Costs, YA Dato' Ahmad Kamal provided directions for submissions of cause paper and fixed the hearing of SC Application for Security for Costs on 17 October 2022.

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

YA Dato' Ahmad Kamal also fixed a new Case Management date for the substantive Hearing for Empire's Judicial Review Application (Enclosure 13) on 17 October 2022, after the Hearing for the MAAG Application for Security for Costs (Enclosure 16) and the SC Application for Security for Costs (Enclosure 33).

The Case Management at the High Court, for Empire's Judicial Review Application, was held on 6 September 2022 ("Case Management").

During the Case Management, the High Court provided directions for the submission of cause paper and fixed the hearing for the MAAG Application for Security for Costs and the SC Application for Security for Costs and the case management for the substantive Hearing for Empire's Judicial Review Application on 16 November 2022.

On 9 September 2022, solicitors for MAAG filed the following cause papers with the High Court:

1. Notice of Application to the High Court for, among others, the following orders:

   (i) a variation of the Stay Order dated 13 June 2022, to allow MAAG to submit an application to the SC under Paragraph 15.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("TOM Rules") for the SC's consent for MAAG:

      a. to nominate its proxy for appointment to the board of directors of Turiya; and
      b. to vote at Turiya's 42nd Annual General Meeting ("AGM"), scheduled to be held on 20 September 2022;

   (ii) as a consequence of Order (i) above, the rights of MAAG to vote at Turiya's 42nd AGM and all subsequent AGMs, extraordinary general meetings and other meetings of shareholders of Turiya, be restored;

   (iii) as an alternative, an Order for Turiya's 42nd AGM to be postponed pending MAAG obtaining the consent of the SC in accordance with the TOM Rules; and

   (iv) as an alternative, an Order for Resolutions 2, 3, 5 and 6, as set out in Turiya's 42nd AGM Notice, not be tabled.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

**50 MATERIAL LITIGATIONS** (continued)

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

(“Variation Application”).

2. Affidavit in Support of the Variation Application, affirmed by Anand Kanagasingam, Group Chief Operating Officer of MAAG, on 9 September 2022;

3. Certificate of Urgency; and

4. A letter from the Solicitors for MAAG to the High Court dated 9 September 2022.

On 14 September 2022, the High Court heard submissions on MAAG’s request for an Order to postpone Turiya’s AGM.

On 15 September 2022, the High Court refused MAAG’s request for an Order to postpone Turiya’s AGM.

On 16 November 2022, YA Dato’ Ahmad Kamal adjourned the Variation Application hearing as the counsel for Empire was taken ill. YA Dato’ Ahmad Kamal had fixed 24 November 2022 to hear the following matters:

1. Hearing for the Application in Enclosure 16;
2. Hearing for the Application in Enclosure 33;
3. Hearing for the Variation Application; and
4. Case Management for the substantive Hearing of Empire’s Judicial Review Application.

On 24 November 2022, the following matters were heard before YA Dato’ Ahmad Kamal

1. Hearing for the Application in Enclosure 16;
2. Hearing for the Application in Enclosure 33; and
3. Hearing for the Variation Application.

and YA Dato’ Ahmad Kamal had reserved his decision on all the matters set out above to be delivered on 9 January 2023. The Case Management for the substantive Hearing of Empire’s Judicial Review Application was also fixed on 9 January 2023.

On 10 January 2023, YA Dato’ Ahmad Kamal delivered his decisions for the following matter:

1. Application for Security for Costs (Enclosure 16); and
2. The SC Application for Security for Costs (Enclosure 33); and
3. Variation Application (Enclosure 42).

The High Court decided in favour of MAAG in MAAG Application for Security for Costs and ordered Empire to pay MAAG’s solicitor, RM20,000 to be held as Security for Costs. The High Court also decided in favour of SC in SC Application for Security for Costs and ordered Empire to pay SC’s solicitor, RM20,000 to be held as Security for Costs. The High Court also allowed MAAG’s Variation Application and awarded costs of RM5,000 to MAAG for the Variation Application. Further to that, the High Court also fixed a Case Management for Empire’s Judicial Review on 26 January 2023.

On 19 January 2023, MAAG’s solicitor was served with an unsealed copy of a notice of appeal by Empire’s solicitor appealing against the decision of the Variation Application. (“Variation Appeal”)

Case Management for the substantive Hearing of Empire’s Judicial Review Application was held on 26 January 2023 where the High Court gave directions in terms of submission of cause paper and fixed 17 July 2023 as the substantive Hearing of Empire’s Judicial Review Application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

On 3 May 2023, MAAG solicitors was served with an unsealed copy of a Notice of Application filed by Empire’s solicitor at the High Court seeking the following:

(i) a stay of execution of the decision of YA Dato’ Ahmad Kamal approving the Variation Application; and

(ii) a stay of proceedings of the substantive Hearing for Empire’s Judicial Review Application, pending the disposal of Empire’s appeal to the Court of Appeal against YA Dato’ Ahmad Kamal’s decision delivered on 10 January 2023, approving the Variation Application (“Notice of Application for Stay”). The High Court has fixed the Hearing for the Notice of Application for Stay on 9 May 2023.

On 9 May 2023, the High Court heard Empire’s Notice of Application for Stay and gave directions on the submission of the cause paper. The hearing for the Notice of Application for Stay was fixed on 17 July 2023. Further thereto, Empire’s solicitor also orally applied to the High Court for an ad interim which was later dismissed by YA Dato’ Ahmad Kamal.

On 10 May 2023, MAAG’s solicitor was served with an unsealed notice of motion filed by the solicitors for Empire at the Court of Appeal. Empire has applied for an ad interim order for stay of execution of YA Dato’ Ahmad Kamal decision in allowing the Variation Application (“Court of Appeal Ad Interim Stay Application”). The Case Management for the Court of Appeal Ad Interim Stay Application was held on 11 May 2023 wherein the court gave directions on submission of cause. Another Case Management was fixed on 12 May 2023.

On 22 May 2023, MAAG’s solicitor was served with an unsealed Notice of Motion seeking directions from the Court of Appeal regarding MAAG’s nomination of Tunku Dato’ Yaacob Khyra as a director of Turiya (“Turiya Notice of Motion”). The Case Management for Turiya Notice of Motion was held on 23 May 2023 and the Court fixed 23 June 2023 for the Turiya Notice of Motion hearing.

On 23 June 2023, the hearing for the Court of Appeal Ad Interim Stay Application and Turiya Notice of Motion was adjourned as a member of the Court of Appeal panel was ill and was unable to proceed with the hearing. A new hearing date was fixed during the Case Management on 26 June 2023 wherein the Court of Appeal fixed 11 September to hear the Court of Appeal Ad Interim Stay Application and Turiya Notice of Motion.

On 4 July 2023, another Case Management was held wherein the Court of Appeal fixed 3 August 2023 to hear the Court of Appeal Ad Interim Stay Application and Turiya Notice of Motion.

On 17 July 2023, the hearing for the Substantive Hearing for Empire’s Judicial Review Application and the Notice of Application for Stay was converted to a Case Management as the Applicant’s solicitor was taken ill and the Court had rescheduled the aforementioned matters to be heard on 16 August 2023.

On 3 August 2023, the Court of Appeal had adjourned the hearing of the Court of Appeal Ad Interim Stay Application and Turiya Notice of Motion as the solicitors for the Applicant was taken ill. The Court of Appeal fixed 14 August to hear the Court of Appeal Ad Interim Stay Application and Turiya Notice of Motion.

During the hearing of the Court of Appeal Ad Interim Stay Application and Turiya Notice of Motion on 14 August 2023, the Court of Appeal struck of the Turiya Notice of Motion and dismissed the Court of Appeal Ad Interim Stay Application.

On 16 August 2023, the High Court heard the submissions from the Applicant, 1st Respondent and 2nd Respondent in respect to the Substantive Hearing for Empire Judicial Review’s Application. The High Court has fixed 12 September 2023 to further hear parties submission on the Notice of Application for Stay.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 50 MATERIAL LITIGATIONS (continued)

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

On 17 August, a Case Management was held wherein the Court of Appeal has fixed the dates for the submission of cause papers as well as the hearing date for the Variation Appeal. The Variation Appeal was fixed on 11 October 2023.

On 12 September 2023, the High Court heard submissions in respect of the Substantive Hearing for Empire's Judicial Review Application and the Notice of Application for Stay and reserved its decision for the Notice of Application for Stay on 21 September 2023 and the Substantive Hearing for Empire's Judicial Review Application on 31 October 2023.

On 21 September 2023, the High Court delivered its decision in respect of the Notice of Application for Stay and dismissed the said Notice of Application and awarded costs of RM5,000 to MAAG.

On 11 October 2023, the Court of Appeal heard the Variation Appeal and dismissed the appeal and awarded costs of RM10,000 to the MAAG.

## 51 COMPARATIVES

In the previous financial period, the Company and its subsidiaries changed their financial year end from 31 December to 30 June. Accordingly, the comparatives for statements of profit or loss ("SOPL"), statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial period as well as the comparatives in the notes to the financial statements relating to SOPL for the financial period from 1 January 2021 to 30 June 2022 are not comparable to the current financial year from 1 July 2022 to 30 June 2023.

## 52 RESTATEMENT OF COMPARATIVES AND RECLASSIFICATION ADJUSTMENTS

(a) Restatement of comparatives

In the financial period ended 30 June 2022, the recoverable amount of the subsidiary was determined based on the net assets of the wholly-owned subsidiary, MAA Corporation Sdn Bhd ("MAA Corp"), as a stand-alone company. The Company has revisited the determination of recoverable amount of MAA Corp by considering the contribution of subsidiaries held by MAA Corp to better reflect the value of MAA Corp. The comparatives have been restated accordingly.

(b) Reclassification adjustments

Certain comparative figures have been restated to conform with current year's presentation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

## 52 RESTATEMENT OF COMPARATIVES AND RECLASSIFICATION ADJUSTMENTS (continued)

The following tables show the effects to each of the line items in the Group's and the Company's statements of financial position and statements of profit or loss:

| | As previously stated | Effects of (a) | Effects of (b) | Restated |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **GROUP** | | | | |
| **Statement of profit or loss** | | | | |
| **For the financial period ended 30 June 2022** | | | | |
| Interest income | 30,731 | - | (15,844) | 14,887 |
| Other operating revenue from non-insurance businesses | 76,506 | - | 15,844 | 92,350 |
| Other operating expenses - net | (21,859) | - | 19,700 | (2,159) |
| Other revenue | 79,918 | - | 19,700 | 99,618 |
| Management expenses | (192,664) | - | 21,503 | (171,161) |
| Net impairment loss on financial instruments | - | - | (41,203) | (41,203) |
| Other expenses | (257,789) | - | (19,700) | (277,489) |
| **COMPANY** | | | | |
| **Statement of financial position** | | | | |
| **As at 30.6.2022** | | | | |
| **ASSETS** | | | | |
| Investments in subsidiaries | - | 138,379 | - | 138,379 |
| Total assets | 127,945 | 138,379 | - | 266,324 |
| **EQUITY** | | | | |
| Accumulated losses | (179,834) | 138,379 | - | (41,455) |
| Total equity | 124,520 | 138,379 | - | 262,899 |
| **Statement of profit or loss** | | | | |
| **For the financial period ended 30 June 2022** | | | | |
| Other operating (expenses)/income - net | (241,459) | 138,379 | 120,769 | 17,689 |
| Other (expenses)/revenue | (236,029) | 138,379 | 120,769 | 23,119 |
| Net impairment loss on financial instruments | - | - | (120,769) | (120,769) |
| Other expenses | (28,695) | - | (120,769) | (149,464) |
| Operating loss | (264,724) | 138,379 | - | (126,345) |
| Loss before tax | (264,724) | 138,379 | - | (126,345) |
| Loss for the financial period | (265,067) | 138,379 | - | (126,688) |
| Loss attributable to Owners of the Company | (265,067) | 138,379 | - | (126,688) |

# STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 68 to 219 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**TUNKU DATO' YAACOB KHYRA**
Director

**TUNKU DATO' AHMAD BURHANUDDIN BIN TUNKU DATUK SERI ADNAN**
Director

Date: 26 October 2023

# STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Choon Siew Thong, the Officer primarily responsible for the financial management of MAA Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 219 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Choon Siew Thong (MIA CA: 21128) in Kuala Lumpur on 26 October 2023.

**CHOON SIEW THONG**

Before me:

**COMMISSIONER FOR OATH**

Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(REGISTRATION NO. 199801015274 (471403-A))
(INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of MAA Group Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 219.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Emphasis of Matter – Comparative Information

We draw attention to Note 52 to the financial statements of the Company which indicates that the comparative information presented as at and for the period ended 30 June 2022 has been restated. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Valuation and impairment assessment on goodwill</th></tr>
<tr><td colspan="2">Refer to Note 2.6(i) – Significant accounting policy: Goodwill, Note 2.9 – Impairment of non-financial assets and Note 8 – Goodwill on business combinations.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 30 June 2023, the Group's goodwill of RM26.9 million represented 3% of the Group's total assets. The goodwill is mainly arising from the acquisition of Scholastic IB International Sdn Bhd ("SIB").<br><br>In view of the inherent uncertainties and the level of judgement required by us in evaluating the Group's assessment of impairment of goodwill in accordance with the requirements of MFRS 136, Impairment of assets, this is a key audit matter.</td><td>We performed the following audit procedures:<br>• Evaluated the recoverable amount of the cash-generating unit ("CGU") by assessing the reasonableness of the cash flow projections and assumptions (particularly around revenue growth rate and discount rate) used to determine the value in use.<br>• Inspected Group's assessment and consider whether it is performed taking into account current developments and information based on our knowledge of the business, current market conditions and other information obtained during the audit.<br>• Evaluated the valuation method, assumptions and data used by management to make their accounting estimates (and range thereof) used for value in use.<br>• Assessed the reasonableness of the discount rates which reflects the specific risks related to the CGU.<br>• Evaluated the appropriateness and likelihood of the sensitivities and their impact on the overall impairment test outcome and assessed whether additional sensitivity analysis would have been appropriate.<br>• Evaluated the completeness, accuracy and relevance of disclosures required by MFRS 136, including disclosures about sensitivities and major sources of estimation uncertainty.</td></tr>
</table>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(REGISTRATION NO. 199801015274 (471403-A))
(INCORPORATED IN MALAYSIA) (CONTINUED)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** (continued)

**Key Audit Matters** (continued)

<table>
<tr><th colspan="2">Valuation of insurance contract liabilities of subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP")</th></tr>
<tr><td colspan="2">Refer to Note 2.25 – Significant accounting policy: Insurance contract liabilities, Note 3(a) – Critical accounting estimates and judgements in applying accounting policies: Valuation of insurance contract liabilities and Note 21 – Insurance contract liabilities.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 30 June 2023, the insurance contract liabilities of RM232.6 million represented 50% of the Group's total liabilities, comprising of provision for unearned premiums and provision for outstanding claims.<br><br>Provision for outstanding claims<br><br>Due to the level of subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain especially for claims which require long duration until settlement, valuation of claims liabilities is a key judgmental area where our audit is concentrated on.<br><br>Judgement is required in determining the assumptions used in the estimation of insurance contract liabilities at the end of reporting period.<br><br>The estimation of claims incurred but not yet reported ("IBNR") at the end of the reporting period involves a range of standard actuarial claims projection techniques which rely on assumptions. A small change in the assumptions may have a significant effect on the provision for outstanding claims.<br><br>Provision for unearned premiums<br><br>Judgement is required in determining the assumptions used in the estimation of premium liabilities at the end of reporting period. Provision for unearned premiums is the higher of unearned premium reserves ("UPR") and unexpired risk reserves ("URR"). Estimation of URR involves judgement in the identification of best estimate value of URR at the required risk margin for adverse deviation.</td><td>We performed the following audit procedures:<br><br>• Evaluated the key controls around reserving process, including controls over the completeness and accuracy of the data that support key reserving calculations to ascertain the quality and accuracy of the underlying data.<br><br>• Assessed the appropriateness of MAAGAP's valuation methods of outstanding claims against the requirements as issued by Philippines Insurance Commission with the support of actuarial specialists.<br><br>• Assessed and challenged the appropriateness of development factors assumptions used in the calculation of IBNR by reference to the MAAGAP's and industry historical data, compare actual and expected experience and high-level projection of the provision for outstanding claims for selected class of business with the support of actuarial specialist.<br><br>• Tested the UPR calculation produced by MAAGAP through recomputation and compared the UPR against the URR to ascertain if adequate reserve has been established.<br><br>• Assessed and challenged the appropriateness of loss ratios assumptions used in the calculation of URR with the support of actuarial specialists.<br><br>• Assessed the adequacy of the Group's disclosures in relation to insurance contract liabilities including historical claims development and sensitivity analysis of insurance contract liabilities on movement in key assumptions used in the estimation.</td></tr>
</table>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(REGISTRATION NO. 199801015274 (471403-A))
(INCORPORATED IN MALAYSIA) (CONTINUED)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** (continued)

**Key Audit Matters** (continued)

<table>
<tr><th colspan="2">Valuation and impairment assessment on receivables including loans receivables</th></tr>
<tr><td colspan="2">Refer to Note 2.8 – Significant accounting policy: Impairment of financial assets, Note 2.11 – Loans receivables, Note 3(f) – Critical accounting estimates and judgements in applying accounting policies: Impairment assessment on receivables from money lending and other credit facilities and factoring business, Note 15 – Loan and receivables and Note 16 – Trade and other receivables.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 30 June 2023, the loans and receivables of RM47.95 million and factoring receivables of RM8.24 million represented 6% and 1% respectively of the Group's total assets.<br><br>The measurement of ECL is complex and requires the application of significant judgement which includes the identification of credit exposures with significant deterioration in credit quality, assumptions used in the ECL models such as the expected future cash flows, forward-looking macroeconomic factors and probability-weighted multiple scenarios.</td><td>We performed the following audit procedures:<br><br>• Evaluated the appropriateness of the accounting policies applied based on MFRS 9 Financial Instruments requirements, our business understanding and industry practice.<br><br>• Obtained an understanding of the Group's processes, systems and controls implemented for impairment assessment and determination of ECL.<br><br>• Evaluated the reasonableness of management's key judgements in estimating ECLs, including selection and application of methods/models, significant assumptions, and data sources and selection of the point estimate.<br><br>• Evaluated the completeness, accuracy and relevance of data used in the ECL models.<br><br>• Evaluated the appropriateness and tested the mathematical accuracy of models applied.<br><br>• For individually impaired loan receivables, obtained the Group's assessment of the recoverability of the exposures and evaluated whether the assumptions and key inputs used in the individual impairment assessments were appropriate. Besides, we also examined the impairment loss calculation and compared to external evidence where available.<br><br>• Evaluated the completeness, accuracy and relevance of disclosures required by MFRS 7, Financial Instruments: Dislcosures including disclosures about assumptions about the future, and other major sources of estimation uncertainty.</td></tr>
</table>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(REGISTRATION NO. 199801015274 (471403-A))
(INCORPORATED IN MALAYSIA) (CONTINUED)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** (continued)

**Key Audit Matters** (continued)

<table>
<tr><th colspan="2">Impairment of investments in subsidiaries</th></tr>
<tr><td colspan="2">Refer to Note 2.1(i) – Significant accounting policy: Subsidiaries and Note 2.9 – Impairment of non-financial assets and Note 9 – Investments in subsidiaries.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>We noted that the cost of investments in subsidiary of the Company stood at RM137.49 mil as at 30 June 2023. The Company had also restated the comparative balance of the carrying amount of investments in a subsidiary as at 30 June 2022.<br><br>We focused on this area because of the significance of the carrying amount to total assets of the Company (representing 59% of total assets as at 30 June 2023) and required us to exercise judgment in evaluating the assessment of the recoverable amount of the investment in a subsidiary.</td><td>We performed the following audit procedures:<br><br>• Obtained an understanding of the Company's internal process to determine the recoverable amount of the cost of investments in subsidiaries, including the policies and procedures to identify indicators of impairments, indicators for impairment reversal and the assumptions and methodologies used.<br><br>• Evaluated the reasonableness of the Company's methods and assumptions used in assessing whether indicators of impairment or indicators for impairment reversal and the determination of the recoverable amount of the subsidiaries.<br><br>• Assessed management's calculations and assumptions to determine the amount of impairment losses or amount of reversal of impairment losses to be recognised.</td></tr>
</table>

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(REGISTRATION NO. 199801015274 (471403-A))
(INCORPORATED IN MALAYSIA) (CONTINUED)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(REGISTRATION NO. 199801015274 (471403-A))
(INCORPORATED IN MALAYSIA) (CONTINUED)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 9 to the financial statements.

## OTHER MATTERS

1. The financial statements of the Group and of the Company as at and for the period ended 30 June 2022, excluding the adjustments described in Note 52 to the financial statements of the Group and of the Company were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 October 2022.

   As part of our audit of the financial statements of the Company as at and for the year ended 30 June 2023, we audited the adjustments described in Note 52 that were applied to restate the comparative information presented as at and for the period ended 30 June 2022.

   We were not engaged to audit, review, or apply any procedures to the financial statements of the Company for the period ended 30 June 2022, other than with respect to the adjustments described in Note 52 to the financial statements of the Group and of the Company. Accordingly, we do not express an opinion or any other form of assurance on the financial statements taken as a whole. However, in our opinion, the adjustments described in Note 52 are appropriate and have been properly applied.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants

**LEE YEIT YEEN**
Approval Number: 03484/02/2024 J
Chartered Accountant

Kuala Lumpur

Date: 26 October 2023

# LIST OF SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

## LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2023

| Name | No. of Shares Held | % of Shares [a] |
|---|---|---|
| Tunku Dato' Yaacob Khyra ("TY")<br>*Indirect Interest* | 110,270,484 | 41.81 [1] |
| Khyra Legacy Berhad ("KLB")<br>*Indirect Interest* | 110,270,484 | 41.81 [2] |
| Melewar Equities Sdn Bhd ("MESB")<br>*Indirect Interest* | 78,839,140 | 29.89 [3] |
| Melewar Acquisitions Limited ("MAL")<br>*Direct Interest* | 78,839,140 | 29.89 |
| Melewar Equities (BVI) Ltd ("MEL")<br>*Direct Interest* | 31,431,344 | 11.92 |

## LIST OF DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

| Name | No. of Shares Held | % of Shares [a] |
|---|---|---|
| TY<br>*Indirect Interest* | 110,270,484 | 41.81 [1] |
| Yeo Took Keat<br>*Direct Interest* | 80,000 | 0.03 |

Notes:

[a] *The percentages of substantial shareholders and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of issued shares.*

[1] *TY is deemed interested by virtue of him being a trustee and one of the beneficiaries of KLB.*

[2] *KLB, a family trust founded by TY, is deemed interested by virtue of its 100% equity interest in MAL through MESB and 100% equity interest in MEL pursuant to Section 8 of the Companies Act, 2016.*

[3] *MESB is a wholly-owned subsidiary of KLB and is deemed interested by virtue of its 100% equity interest in MAL and by virtue of it being a related corporation pursuant to Section 8(5)(a) of the Companies Act, 2016.*

# STATISTICS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

| | |
|---|---|
| Share Capital | RM304,353,752 |
| Class of Shares | Ordinary Shares |
| Total Number of Issued Shares | 263,732,252 |
| Number of Shareholders | 4,874 |

| Size of Holdings | No. of Holders | % of Holders | No. of Shares | % of Shares |
|---|---|---|---|---|
| Less than 100 | 436 | 8.94 | 11,276 | 0.00 |
| 100 to 1,000 | 731 | 15.00 | 486,567 | 0.18 |
| 1,001 to 10,000 | 2,413 | 49.50 | 11,818,005 | 4.48 |
| 10,001 to 100,000 | 1,093 | 22.43 | 35,128,412 | 13.32 |
| 100,001 and below 5% of issued shares | 199 | 4.08 | 106,887,992 | 40.53 |
| 5% and above of issued shares | 2 | 0.04 | 109,400,000 | 41.48 |
| **TOTAL** | **4,874** | **100.00** | **263,732,252** | **100.00** |

**THIRTY LARGEST SHAREHOLDERS AS AT 29 SEPTEMBER 2023**

| No. | Name | No. of Shares Held | % of Shares |
|---|---|---|---|
| 1 | RHB NOMINEES (ASING) SDN BHD<br>OSK CAPITAL SDN BHD FOR MELEWAR ACQUISITIONS LIMITED | 78,000,000 | 29.58 |
| 2 | RHB NOMINEES (ASING) SDN BHD<br>OSK CAPITAL SDN BHD FOR MELEWAR EQUITIES (BVI) LTD | 31,400,000 | 11.91 |
| 3 | UOB KAY HIAN NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS ) | 7,373,030 | 2.80 |
| 4 | ONG HUNG HOCK | 6,000,000 | 2.28 |
| 5 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>FUA KIA PHA | 5,014,088 | 1.90 |
| 6 | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN) | 4,270,000 | 1.62 |
| 7 | LEE KEK MING | 4,000,000 | 1.52 |
| 8 | CIMB GROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR DBS BANK LTD (SFS) | 3,928,800 | 1.49 |
| 9 | LIM KHUAN ENG | 3,080,000 | 1.17 |
| 10 | LEE CHEE BENG | 2,615,300 | 0.99 |
| 11 | MAYBANK SECURITIES NOMINEES (ASING) SDN BHD<br>MAYBANK SECURITIES PTE LTD FOR KEGANI PACIFIC LTCFUND L.P. | 2,402,100 | 0.91 |
| 12 | LAM CHEE CHIANG | 2,063,000 | 0.78 |
| 13 | ARTHUR VARKEY SAMUEL | 2,000,000 | 0.76 |
| 14 | MICHEAL OOI CHUNG GHEE | 1,919,900 | 0.73 |
| 15 | LEE KERWYN | 1,659,500 | 0.63 |
| 16 | SANJEEV CHADHA | 1,623,600 | 0.62 |
| 17 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG | 1,576,800 | 0.60 |
| 18 | KENANGA NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT) | 1,514,332 | 0.57 |
| 19 | NIRMALA NAVINCHANDRA SHAH | 1,297,000 | 0.49 |

# STATISTICS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023 (CONTINUED)

| No. | Name | No. of Shares Held | % of Shares |
|---|---|---|---|
| 20 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR ERWIN SELVARAJAH A/L PETER SELVARAJAH | 1,200,000 | 0.46 |
| 21 | GOH TECK YIEW | 1,147,200 | 0.43 |
| 22 | GOH TAI SIANG | 1,145,600 | 0.43 |
| 23 | GOH TAI SIANG | 1,140,000 | 0.43 |
| 24 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WONG SUI YUING (E-BTL) | 1,099,200 | 0.42 |
| 25 | LOW CHU MOOI | 1,050,000 | 0.40 |
| 26 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS) | 1,001,132 | 0.38 |
| 27 | CGS-CIMB NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS) | 996,328 | 0.38 |
| 28 | PUBLIC INVEST NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS) | 970,000 | 0.37 |
| 29 | TAN WAI HENG | 920,000 | 0.35 |
| 30 | CHEAH SOOK PINN | 900,000 | 0.34 |
| **TOTAL SHAREHOLDINGS** | | **173,306,910** | **65.71** |

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the **25TH ANNUAL GENERAL MEETING ("AGM")** of the Company will be held electronically in its entirety via Remote Participation and Voting ("RPV") facilities at the broadcast venue at **Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur** on **Thursday, 30 November 2023 at 2.00 p.m.** for the following purposes:

| **AGENDA** | **RESOLUTION** |
|---|---|
| **AS ORDINARY BUSINESS** | |
| (1) To receive the Audited Financial Statements for the year ended 30 June 2023 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note A]*** | |
| (2) To approve the payment of Directors' fees amounting to RM350,000 for the period from 1 January 2024 to 31 December 2024 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary. | **1** |
| (3) To approve an amount of up to RM230,000 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 January 2024 to 31 December 2024. ***[Please refer to Explanatory Note B]*** | **2** |
| (4) To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election: | |
| (i) Yeo Took Keat | **3** |
| (ii) Datin Seri Raihanah Begum binti Abdul Rahman | **4** |
| (5) To re-appoint Messrs. KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration. | **5** |
| **AS SPECIAL BUSINESS** | |
| (6) To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:- | |
| **(a) Proposed Renewal of Share Buy-Back Authority** | **6** |

"THAT subject to compliance with Section 127 of the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such amount of shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time-to-time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company and the maximum funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company available at the time of the intended purchase.

AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next AGM of the Company unless earlier revoked or varied by Ordinary Resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date.

AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both."

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING
(CONTINUED)

**(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd** **7**

"THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 1 December 2022 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities, authorising the Company and/or its subsidiaries to enter into the recurrent related party transaction ("RRPT") of a revenue or trading nature as set out in Section 3.3(A) of Part B of the Circular to Shareholders dated 31 October 2023 ("the Circular"), with Trace Management Services Sdn Bhd ("the Related Party") mentioned therein which are necessary, for the Company and/or its subsidiaries' for day-to-day operations which are carried out in the ordinary course of business on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting ("EGM") whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company;

whichever is the earlier.

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

**(c) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **8**

"THAT the mandate granted by the shareholders of the Company on 1 December 2022 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities, authorising the Company and its subsidiaries ("MAAG Group") to enter into the RRPTs which are necessary for MAAG Group's day-to-day operations as set out in Section 3.3(B) of Part B of the Circular with the related parties mentioned therein, be and are hereby renewed, provided that:

(i) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company; and

(ii) the transactions are made at arm's length and on normal commercial terms.

AND THAT, authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in general meeting), until:

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or EGM whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING
(CONTINUED)

**(d) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act** **9**

"THAT, subject always to the Act, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

**By Order of the Board**

**LILY YIN KAM MAY (MAICSA NO. 0878038)**
**Company Secretary**

Kuala Lumpur
31 October 2023

***NOTES:-***

1. *The 25th AGM will be conducted electronically in its entirety via RPV facilities which are available on the website at https://www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of the 25th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *The Broadcast Venue of the 25th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies/corporate representatives from the public should be physically present at the Broadcast Venue on the day of the 25th AGM.*

3. *Members may submit questions to the Board of Directors prior to the 25th AGM to the Investor Relations at AngelineLim@maa.my or lily@crestcorp.com.my no later than 2.00 p.m. on Tuesday, 28 November 2023 or to use the Question and Answer platform to transmit questions to the Board of Directors via RPV facilities during live streaming.*

4. *Since the 25th AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.*

5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

6. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.*

8. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

9. *Any alteration in the Form of Proxy must be initialled.*

10. *Form of Proxy sent through facsimile transmission shall not be accepted.*

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

(CONTINUED)

11. *For the purpose of determining a member who shall be entitled to attend this 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2023. Only a depositor whose name appears on the Record of Depositors as at 22 November 2023 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*

12. *Explanatory Notes to Ordinary Business:*

***(A) Audited Financial Statements***

*This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.*

***(B) Benefits Payable to Non-Executive Directors (Ordinary Resolution 2)***

*Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.*

*The proposed Ordinary Resolution 2 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 1 January 2024 to 31 December 2024.*

*The benefits comprise the meeting allowances, benefits-in-kind and other emoluments payable to the Non-Executive Directors of the Company and its subsidiary, namely MAA International Group Ltd ("MAAIG").*

*In determining the estimated total amount of remuneration (excluding Directors' fees) for the Non-Executive Directors of the Company and its subsidiary, MAAIG, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.*

*The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiary throughout the relevant period.*

13. *Explanatory Notes to Special Business of Agenda 6:*

***(C) Proposed Renewal of Share Buy-Back Authority (Ordinary Resolution 6)***

*The Proposed Ordinary Resolution 6, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.*

***(D) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolutions 7 and 8)***

*The Proposed Ordinary Resolutions 7 and 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.*

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING
(CONTINUED)

***(E) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 9)***

*The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.*

*The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.*

*As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 24th AGM held on 1 December 2022 and which will lapse at the conclusion of the 25th AGM to be held on 30 November 2023.*

*14. Poll Voting*

*All the Resolutions mentioned above will be put to vote by Poll.*

*The detailed information on Special Business of Agenda 6 except for Ordinary Resolution 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 31 October 2023 which is available at the Share Registrar website at https://www.tracemanagement.com.my.*

**PERSONAL DATA POLICY**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or reappointment in Agenda 4 of the Notice of the 25th AGM of the Company are set out in the Directors' Profile on pages 7 and 9 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 227 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note E of the Notice of the 25th AGM of the Company.

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**NOTICE**
**There will be no distribution of e-vouchers**

# FORM OF PROXY

(please refer to the notes behind)

| No. of Shares Held | CDS Account No. |
|---|---|
| | |

**MAA GROUP BERHAD**
Reg. No. 199801015274 (471403-A)
(Incorporated In Malaysia)

I/We ______________________________ NRIC No./Passport No./Reg. No.: ______________________
(Full Name as per NRIC/Passport/Certificate of Incorporation in Capital Letters)

of ______________________________________________________________
(Full Address and Contact No.)

being a member/members of **MAA GROUP BERHAD** hereby appoint * **Chairman of the meeting** or

| Name of Proxy: | | Full Address: | |
|---|---|---|---|
| NRIC/Passport No. of Proxy | | Contact No. & Email Address: | |

or failing him/her

| Name of Proxy: | | Full Address: | |
|---|---|---|---|
| NRIC/Passport No. of Proxy | | Contact No. & Email Address: | |

as ***my/our** proxy to vote for ***me/us** and on ***my/our** behalf at the **25th Annual General Meeting ("AGM")** of the Company to be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities at the Broadcast Venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on **Thursday, 30 November 2023 at 2.00 p.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 25th AGM. **My/our proxy** is to vote as indicated below:-

| | | FIRST PROXY | | SECOND PROXY | |
|---|---|---|---|---|---|
| | | **For** | **Against** | **For** | **Against** |
| **Resolution** | **Ordinary Business** | | | | |
| 1 | To approve the payment of Directors' fees amounting to RM350,000 for the period from 1 January 2024 to 31 December 2024 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary. | | | | |
| 2 | To approve an amount of up to RM230,000 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 January 2024 to 31 December 2024. | | | | |
| | To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election: | | | | |
| 3 | (i) Yeo Took Keat | | | | |
| 4 | (ii) Datin Seri Raihanah Begum binti Abdul Rahman | | | | |
| 5 | To re-appoint Messrs. KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration. | | | | |
| | **Special Business** | | | | |
| 6 | To approve the Proposed Renewal of Share Buy-Back Authority. | | | | |
| 7 | To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd. | | | | |
| 8 | To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. | | | | |
| 9 | Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016. | | | | |

[Please indicate with a "✓" or "x" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy/Proxies will vote or abstain at his/her discretion]

The proportion of my holdings to be represented by my ***proxy/proxies** are as follows:

| | Number of Shares | Percentage |
|---|---|---|
| First Proxy | | % |
| Second Proxy | | % |
| **Total** | | **100%** |

Dated this ____________ day of ____________ 2023

______________________________
[Signature of Shareholder(s)/Common Seal]

***NOTES:-***

1. *The 25th AGM will be conducted electronically in its entirety via RPV facilities which are available on the website at https://www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of the 25th AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The Broadcast Venue of the 25th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies/corporate representatives from the public should be physically present at the Broadcast Venue on the day of the 25th AGM.*
3. *Members may submit questions to the Board of Directors prior to the 25th AGM to the Investor Relations at AngelineLim@maa.my or lily@crestcorp.com.my no later than 2.00 p.m. on Tuesday, 28 November 2023 or to use the Question and Answer platform to transmit questions to the Board of Directors via RPV facilities during live streaming.*
4. *Since the 25th AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.*
5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
6. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.*
8. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
9. *Any alteration in the Form of Proxy must be initialled.*
10. *Form of Proxy sent through facsimile transmission shall not be accepted.*
11. *For the purpose of determining a member who shall be entitled to attend this 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 November 2023. Only a depositor whose name appears on the Record of Depositors as at 22 November 2023 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*

***Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)***

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**STAMP**

The Secretary
**MAA GROUP BERHAD**
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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**www.maa.my**

**MAA GROUP BERHAD** 199801015274 (471403-A)
13th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, Malaysia

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