

MAA GROUP BERHAD (“MAAG” or “the Company”)

Registration No. 199801015274 (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements (“Interim Reports”) are unaudited and have been prepared in accordance with the MFRS 134 ‘Interim Financial Reporting’ issued by the Malaysian Accounting Standards Board (“MASB”), the International Accounting Standard (“IAS”) 34 ‘*Interim Financial Reporting*’ and the requirements of Companies Act 2016 in Malaysia, where applicable. These Interim Reports have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

These Interim Reports have also been prepared in accordance with paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

As announced on 22 June 2022, the Company had changed its financial year end from 31 December to 20 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2021 to 30 June 2022.

These unaudited Interim Reports should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to these Interim Reports provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted by the Group in these Interim Reports are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following standards, amendments to standards and interpretations that became effective from financial year beginning on or after 1 January 2021:

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

The adoption of the standards and amendments to standards listed above did not result in significant changes in the accounting policies of the Group and did not have any significant financial impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The following standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been adopted by the Group:

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A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been adopted by the Group: (continued)

Effective for financial periods beginning on or after 1 April 2021

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

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRS 116 ‘Property, Plant and Equipment’ – *Proceeds before Intended Use*
- Amendments to MFRS 3 ‘Business Combinations’ – *Reference to the Conceptual Framework*
- Amendments to MFRS 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ – *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRSs 2018 – 2020 Cycle
 - MFRS 1 ‘First-time Adoption of Malaysian Financial Reporting Standards’
 - MFRS 9 ‘Financial Instruments’
 - Illustrative Examples accompanying MFRS 16 ‘Leases’
 - MFRS 114 ‘Agriculture’

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 ‘Insurance Contracts’ and Amendments to MFRS 17 ‘Insurance Contracts’
- Amendments to MFRS 101 ‘Presentation of Financial Statements’ - *Classification of liabilities as current or non-current*
- Amendments to MFRS 108 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ - *Definition of Accounting Estimates*
- Amendments to MFRS 112 ‘Income Taxes’ – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective date yet to be confirmed by MASB

- 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 will assess the application of adopting the above standards, amendments to standards and interpretations before the effective dates.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group’s business operations were not significantly affected by any seasonal or cyclical factors.

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A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter and period ended 30 June 2021.

A5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect during the current financial quarter and period ended 30 June 2021.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 30 June 2021.

A7. DIVIDEND PAID

There was no interim dividend paid by the Company during the current financial quarter and period ended 30 June 2021 in respect of the financial year ending 30 June 2022.

A8. SEGMENTAL INFORMATION

The following summary describes the operations in each of the Group's operating segments:

- Investment Holdings – investment holding
- General Insurance business - 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

The Group's Other segments comprise of advisory and consultancy services of hotel management, operators of hotel accommodation, food and beverage, operators of short-term property accommodation, logistics and dispatch, and the provision of property management, design and renovation services, none of which has met the requirements of MFRS 8 '*Operating Segment*' to be separately presented as an operating segment.

There have been no material changes in total assets, the basis of segmentation and the basis of measurement of segment profit or loss from the last annual financial statements.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**A8. SEGMENTAL INFORMATION** (continued)3 months period ended 30 June 2021 ^(N1)

	Investment Holdings	General Insurance	Education Services	Credit Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,315	43,908	5,585	1,603	3,469	55,880
Net earned premiums	-	27,071	-	-	-	27,071
Investment income	798	907	-	-	-	1,705
Interest income	457	2,075	58	1,603	15	4,208
Realised gains and losses – net	1,471	878	-	-	-	2,349
Fair value gains and losses - net	(6,497)	1,636	-	-	18	(4,843)
Commission income	-	949	-	-	-	949
Other operating revenue from non-insurance businesses	60	-	5,527	-	3,454	9,041
Other operating (expenses)/income – net	(617)	(142)	253	(219)	(2,922)	(3,647)
Net claims incurred	-	(4,794)	-	-	-	(4,794)
Commission expenses	-	(10,228)	-	-	-	(10,228)
Management expenses	(6,297)	(5,172)	(7,715)	(304)	(7,291)	(26,779)
Finance costs	(48)	(9)	(182)	-	(52)	(291)
(Loss)/profit before taxation before share of loss of associates	(10,673)	13,171	(2,059)	1,080	(6,778)	(5,259)
Share of loss of associates	(21)	-	-	-	-	(21)
(Loss)/profit before taxation	(10,694)	13,171	(2,059)	1,080	(6,778)	(5,280)

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	Investment Holdings	General Insurance	Education Services	Credit Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,954	89,253	12,157	4,594	6,177	114,135
Net earned premiums	-	54,980	-	-	-	54,980
Investment income	1,288	1,709	-	-	-	2,997
Interest income	547	4,196	137	4,594	25	9,499
Realised gains and losses – net	4,998	1,575	-	-	-	6,573
Fair value gains and losses - net	(314)	(1,789)	-	-	(7)	(2,110)
Commission income	-	1,645	-	-	-	1,645
Other operating revenue from non-insurance businesses	119	-	12,020	-	6,152	18,291
Other operating income/(expenses) – net	1,344	(90)	465	(245)	(2,503)	(1,029)
Net claims incurred	-	(10,990)	-	-	-	(10,990)
Commission expenses	-	(20,164)	-	-	-	(20,164)
Management expenses	(10,631)	(8,978)	(16,212)	(796)	(12,960)	(49,577)
Finance costs	(101)	(20)	(301)	-	(105)	(527)
(Loss)/profit before taxation before share of loss of associates	(2,750)	22,074	(3,891)	3,553	(9,398)	9,588
Share of loss of associates	(49)	-	-	-	(1)	(50)
(Loss)/profit before taxation	(2,799)	22,074	(3,891)	3,553	(9,399)	9,538

(*) There will be no comparative financial information available for the corresponding quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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A8. SEGMENTAL INFORMATION (continued)

	Investment Holdings	General Insurance	Education Services	Credit Services	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Assets</u>						
At 30 June 2021	237,638	433,661	77,080	78,221	32,711	859,311
At 31 December 2020 (Audited)	276,617	434,972	80,952	59,817	28,173	880,531
<u>Segment Liabilities</u>						
At 30 June 2021	12,636	269,574	28,873	468	16,735	328,286
At 31 December 2020 (Audited)	15,211	286,389	31,967	890	17,056	351,513

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A9. MATERIAL EVENT AFTER THE REPORTING PERIOD

There was no material event subsequent to the end of the current financial period ended 30 June 2021 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 8 January 2021, Hospitality 360 Sdn Bhd (“H360”), a sub-subsiary of the Company 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%.
- (b) On 20 January 2021, H360 via its subsidiary, TSSSB acquired 100 ordinary shares representing 100% of the share capital of NS Global Management Sdn Bhd from Rajes M. Daswani and NS Global Assets Sdn Bhd respectively for a total consideration of RM100.
- (c) On 4 February 2021, MAA Credit Berhad, a wholly owned sub-subsiary of the Company acquired 11,000 ordinary shares representing 11% of the share capital of MAA Bancwell Trustee Berhad (“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.
- (d) 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%.
- (e) On 1 April 2021, H360 via its subsidiary, TSSSB acquired 6,590,765 ordinary shares representing 100% of the share capital of Clear Dynamic Sdn Bhd from Nusajaya Consolidated Sdn Bhd for a total consideration of RM300,000.
- (f) On 4 May 2021, H360 via its subsidiary, Staysuites Group 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, Staysuites Malaysia Sdn Bhd, a company incorporated in Malaysia, for cash purchase consideration of RM100.
- (g) On 11 May 2021, H360 acquired 1 ordinary shares representing 100% of the share capital of Global Champ Sdn Bhd from Jasmine Bin Jalmen Dullah for the total consideration of RM1.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current financial quarter and period ended 30 June 2021. As at 30 June 2021, the Group’s property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group were carried at revalued amount at the financial year ended 31 December 2020. These revalued amounts have been carried forward to the current financial period ended 30 June 2021.

A13. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at the end of the financial period ended 30 June 2021.

A14. CAPITAL COMMITMENTS

Capital commitments for the purchase of property, plant and equipment contracted but not provided as at the end of the financial period are as follows:

	As at 30.6.2021	As at 31.12.2020
	RM'000	RM'000
Property, plant and equipment		
- Furniture, fitting and equipment	-	32
- Renovation	30	19
	30	51

A15. RELATED PARTY DISCLOSURES

All related party transactions and balances within the Group had been entered into the normal course of business and were carried out on normal commercial terms. The Company monitors related party transactions to comply with the requirements under Chapter 10 of the Main Market Listing Requirements of Bursa Securities.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**A16. FAIR VALUE MEASUREMENT OF INVESTMENTS**

The Group classifies investments which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurement:

- Level 1 - The fair value is measured by reference to published quotes in an active market which are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm’s length basis.
- Level 2 - The fair value is measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions obtained via pricing services; where prices have not been determined in an active market.
- Level 3 - The fair value is determined using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. The unobservable inputs reflect the Group’s own assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available, which might include the Group’s own data.

The following tables show the Group’s investments which are measured at fair value analysed by the various level within the fair value hierarchy:

At 30 June 2021

	Level 1	Level 2	Level 3	Total
	RM’000	RM’000	RM’000	RM’000
Investments at FVTPL:				
Equity securities quoted in Malaysia	10,066	-	-	10,066
Equity securities quoted outside Malaysia	125,317	-	-	125,317
Equity securities unquoted outside Malaysia	-	-	23,798	23,798
Unit trusts quoted in Malaysia	2,427	-	-	2,427
Unit trusts quoted outside Malaysia	4,229	-	-	4,229
	142,039	-	23,798	165,837

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The following tables show the Group’s investments which are measured at fair value analysed by the various level within the fair value hierarchy: (continued)

At 30 June 2021

(continued)	Level 1	Level 2	Level 3	Total
	RM’000	RM’000	RM’000	RM’000
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	54,432	-	-	54,432
Corporate debt securities quoted outside Malaysia	1,142	-	-	1,142
Equity securities quoted outside Malaysia	29,858	1,104	-	30,962
Equity securities unquoted in Malaysia	-	-	100	100
Equity securities unquoted outside Malaysia	-	-	43	43
	<u>85,432</u>	<u>1,104</u>	<u>143</u>	<u>86,679</u>
Total investments measured at fair value	<u>227,471</u>	<u>1,104</u>	<u>23,941</u>	<u>252,516</u>

At 31 December 2020 (Audited)

	Level 1	Level 2	Level 3	Total
	RM’000	RM’000	RM’000	RM’000
Investments at FVTPL:				
Equity securities quoted in Malaysia	23,411	-	-	23,411
Equity securities quoted outside Malaysia	153,610	-	-	153,610
Equity securities unquoted outside Malaysia	-	-	22,923	22,923
Unit trusts quoted in Malaysia	2,433	-	-	2,433
	<u>179,454</u>	<u>-</u>	<u>22,923</u>	<u>202,377</u>

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The following tables show the Group’s investments which are measured at fair value analysed by the various level within the fair value hierarchy: (continued)

At 31 December 2020 (Audited)

(continued)	Level 1	Level 2	Level 3	Total
	RM’000	RM’000	RM’000	RM’000
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	45,678	-	-	45,678
Corporate debt securities quoted outside Malaysia	1,140	-	-	1,140
Equity securities quoted outside Malaysia	29,110	921	-	30,031
Equity securities unquoted in Malaysia	-	-	100	100
Equity securities unquoted outside Malaysia	-	-	43	43
	<u>75,928</u>	<u>921</u>	<u>143</u>	<u>76,992</u>
Total investments measured at fair value	<u>255,382</u>	<u>921</u>	<u>23,066</u>	<u>279,369</u>

The Group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There was no transfer among Level 1, 2 and 3 during the financial period ended 30 June 2021.

The following table shows the movement in Level 3 investments for the current financial period ended 30 June 2021:

	Unquoted equity securities	
	FVTPL	FVOCI
	RM’000	RM’000
At 1 January 2021	22,923	143
Fair value gain recorded in profit or loss	174	-
Currency translation difference	701	-
At 30 June 2021	<u>23,798</u>	<u>143</u>

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. REVIEW OF GROUP PERFORMANCE**Group

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
Key financial performance	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	55,880	-	114,135	-
(Loss)/profit before taxation	(5,280)	-	9,538	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current financial quarter ended 30 June 2021 (“2Q-2021”)

The Group recorded a total operating revenue of RM55.9 million in 2Q-2021 which comprised of gross earned premiums of RM40.9 million recorded by the General Insurance business, investment and interest income of RM5.9 million and other operating revenue from non-insurance businesses of RM9.0 million.

In 2Q-2021, the Group recorded a Loss before taxation (“LBT”) of RM5.3 million. In spite of the Profit before taxation (“PBT”) recorded by the General Insurance business and Credit Services segment of RM13.2 million and RM1.1 million respectively, however these profits were offset by LBT of RM10.7 million from the Investment Holdings segment, LBT of RM2.1 million from the Education Services segment and LBT of RM6.8 million from Other segments.

Current financial period ended 30 June 2021 (“FPE30.6.2021”)

The Group recorded a total operating revenue of RM114.1 million in FPE30.6.2021 which comprised of gross earned premiums of RM83.3 million recorded by the General Insurance business, investment and interest income of RM12.5 million and other operating revenue from non-insurance businesses of RM18.3 million.

In FPE 30.6.2021, the Group recorded a PBT of RM9.5 million. The profit was mainly contributed by PBT of RM22.1 million from the General Insurance business and PBT of RM3.6 million from the Credit Services segment; however these profits were offset by LBT of RM2.8 million from the Investment Holdings segment, LBT of RM3.9 million from the Education Services segment and LBT of RM9.4 million from Other segments.

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	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
Key financial performance	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,315	-	1,954	-
Loss before taxation	(10,694)	-	(2,799)	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current financial quarter ended 30 June 2021 (“2Q-2021”)

In 2Q-2021, Investment Holdings segment recorded a total operating revenue of RM1.3 million and a LBT of RM10.7 million.

The operating revenue contributed mainly from interest income of RM0.5 million and dividend income of RM0.8 million. The loss recorded in 2Q-2021 mainly due to net fair value losses on equity investments classified at FVTPL of RM6.5 million.

Current financial period ended 30 June 2021 (“FPE30.6.2021”)

Investment Holdings segment recorded a total operating revenue of RM2.0 million and a LBT of RM2.8 million in FPE30.6.2021.

The operating revenue comprised mainly of interest income of RM0.5 million and dividend income of RM1.3 million. The loss recorded in FPE30.6.2021 mainly due to net fair value losses on equity investments classified at FVTPL of RM0.3 million and management expenses of RM10.6 million offset by operating revenue of RM1.9 million and realised gains from disposal of investments of RM5.0 million.

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The Group’s General Insurance business in the Philippines held via subsidiary, MAA General Philippines, Inc. (“MAAGAP”) is principally engaged in underwriting general insurance businesses.

Key financial performance	Individual Period			
	Current Year Quarter Ended		Preceding Year Corresponding Quarter Ended	
	30.6.2021		30.6.2020 ^(*)	
	PHP’000	RM’000	PHP’000	RM’000
Gross premium written (“GPW”)	433,936	37,085	-	-
Underwriting surplus	152,196	12,998	-	-
Investment income	10,613	907	-	-
Interest income	24,295	2,075	-	-
Claim ratio in %	17.7%	17.7%	-	-
Commission ratio in %	40.5%	40.5%	-	-
Profit before taxation	155,087	13,171	-	-
Range of currency exchange rate	1RM = 11.68 to 11.75PHP			-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current financial quarter ended 30 June 2021 (“2Q-2021”)

In 2Q-2021, MAAGAP recorded a GPW of PHP433.9 million (RM37.1 million equivalent). The motor and non-motor classes contributed PHP128.4 million (RM11.0 million equivalent) and PHP305.5 million (RM26.1 million equivalent) respectively of the total GPW.

MAAGAP recorded a PBT of PHP155.1 million (RM13.2 million equivalent) in 2Q-2021 mainly contributed by underwriting surplus of PHP152.2 million (RM13.0 million equivalent), investment and interest income of PHP34.9 million (RM3.0 million equivalent), net fair value gains of PHP19.1 million (RM1.6 million equivalent) on equity investments classified at FVTPL and realised gains from disposal of investments of PHP10.3 million (RM0.9 million equivalent); offset by management expenses of PHP59.6 million (RM5.2 million equivalent).

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Key financial performance	Cumulative Period			
	Current Year to Date Ended		Preceding Year Corresponding Period Ended	
	30.6.2021		30.6.2020 ^(*)	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written (“GPW”)	978,072	82,706	-	-
Underwriting surplus	300,869	25,471	-	-
Investment income	20,154	1,709	-	-
Interest income	49,567	4,196	-	-
Claim ratio in %	20.0%	20.0%	-	-
Commission ratio in %	34.3%	34.3%	-	-
Profit before taxation	260,395	22,074	-	-
Range of currency exchange rate	1RM = 11.68 to 11.94PHP			

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current financial period ended 30 June 2021 (“FPE30.6.2021”)

In FPE30.6.2021, MAAGAP recorded a GPW of PHP978.1 million (RM82.7 million equivalent). The motor and non-motor classes contributed PHP320.8 million (RM27.1 million equivalent) and PHP657.3 million (RM55.6 million equivalent) respectively of the total GPW.

MAAGAP recorded a PBT of PHP260.4 million (RM22.1 million equivalent) in FPE30.6.2021 mainly contributed by underwriting surplus of PHP300.9 million (RM25.5 million equivalent), investment and interest income of PHP69.7 million (RM5.9 million equivalent) and realised gains from disposal of investments of PHP18.6 million (RM1.6 million equivalent), offset by net fair value losses of PHP21.6 million (RM1.8 million equivalent) on equity investments classified at FVTPL and management expenses of PHP105.9 million (RM9.0 million equivalent).

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B1. REVIEW OF GROUP PERFORMANCE (continued)**Education Services

Education Services comprised of the following business units:

- Edumaax Sdn Bhd and Kasturi Academy Sdn Bhd (“Kasturi Group”) – offers private tuition for Malaysia National secondary school curriculum;
- St John’s International Edu Group Sdn Bhd, St John’s International (Campus 2) 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; and
- Imperium Edumaax Sdn Bhd (“Imperium Edumaax”) – offers tertiary education for foundations, certificates, diplomas, bachelor degrees and professional accountancy qualifications. Imperium Edumaax is also a HRDF-registered training provider offering a suite of continuous professional development and training programmes.

Key financial performance by business units	Individual Period				
	Current Year Quarter Ended				Preceding Year Corresponding Quarter Ended
	30.6.2021				30.6.2020 ^(*)
	Kasturi Group	SJI Group	Imperium Edumaax	Total	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Operating revenue	219	4,549	817	5,585	-
(Loss)/profit before taxation	(629)	866	(2,296)	(2,059)	-

Key financial performance by business units	Cumulative Period				
	Current Year to Date Ended				Preceding Year Corresponding Period Ended
	30.6.2021				30.6.2020 ^(*)
	Kasturi Group	SJI Group	Imperium Edumaax	Total	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Operating revenue	473	9,699	1,985	12,157	-
(Loss)/profit before taxation	(1,344)	1,740	(4,287)	(3,891)	-

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Education Services (continued)

() There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.*

Current financial quarter ended 30 June 2021 (“2Q-2021”)

(i) Kasturi Group

In 2Q-2021, Kasturi Group recorded a total operating revenue of RM0.2 million and a LBT of RM0.6 million due to lower students’ enrolment. In end of April 2021, Education ministry announced that the Form Three Assessment (“PT3”) for this year has been cancelled after considering the shortened time frame this year’s Form Three students will have for face-to-face learning. Further to this, in June 2021, Education ministry announced that Sijil Pelajaran Malaysia (“SPM”) has been postponed to March 2022 next year. With PT3 cancellation and SPM postponement, students have little exam pressure and thus desire to sign up for tuition classes was low in the first half of the period.

(ii) SJI Group

In 2Q-2021, SJI Group recorded a total operating revenue of RM4.5 million with a PBT of RM0.9 million. Secondary education has contributed profit of RM1.3 million but offset with loss making in primary education of RM0.4 million, in overall SJI Group maintained profitability position in 2Q-2021 also partially due to better cost control measures.

(iii) Imperium Edumaax

In 2Q-2021, Imperium Edumaax recorded a total operating revenue of RM0.8 million with a LBT of RM2.3 million. Due to postponement of year 2020 Sijil Pelajaran Tinggi (“SPM”) & Sijil Tinggi Persekolahan Malaysia (“STPM”) to early 2021 and exam result was officially released only in early June/July 2021, form five (5) and form six (6) graduates had missed the earlier intakes and most of the students will be enrolling for the upcoming intakes in July-September 2021. Additionally, due to prolonged pandemic situation, some students tend to delay their tertiary studies due to financial challenges. Hence, students’ enrolment rate was seen lower than past trending and management expects more new joiners will be onboard in the next quarter.

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B1. REVIEW OF GROUP PERFORMANCE (continued)

Education Services (continued)

Current financial period ended 30 June 2021 (“FPE30.6.2021”)

(ii) Kasturi Group

In FPE30.6.2021, Kasturi Group recorded a total operating revenue of RM0.5 million and a LBT of RM1.3 million due to lower students’ enrolment. Following Movement Control Order (“MCO”) announcement by government in January 2021, tuition centres were only allowed to conduct online classes but some students may prefer physical classes over online classes. In end of April 2021, Education ministry announced that the PT3 for this year has been cancelled after considering the shortened time frame this year's Form Three students will have for face-to-face learning. Further to this, in June 2021, Education ministry announced that SPM has been postponed to March 2022 next year. With PT3 cancellation and SPM postponement, students have low exam pressure and desire to sign up for tuition classes were low in the first half of the year.

(ii) SJI Group

In FPE30.6.2021, SJI Group recorded a total operating revenue of RM9.7 million with a PBT of RM1.7 million. Secondary education has contributed profit of RM2.7 million but offset with loss making in primary education and private tuition of RM1.0 million, in overall SJI Group maintained profitability position in FPE30.6.2021 also partially due to better cost control measures. Primary education commenced operations only in early 2020 and has gradually building presence in the market, students enrolment rate was increased by double in year 2021 despite of covid-19 pandemic.

(iii) Imperium Edumaax

In FPE30.6.2021, Imperium Edumaax recorded a total operating revenue of RM2.0 million with a LBT of RM4.3 million. Due to postponement of year 2020 SPM & STPM to early 2021 and exam result was officially released only in early June/July 2021, form five (5) and form six (6) graduates had missed the earlier intakes and most of the students will be enrolling for the upcoming intakes in July-September 2021. Additionally, due to prolonged pandemic situation, some students tend to delay their tertiary studies due to financial challenges. Hence, students’ enrolment rate was seen lower than past trending and management expects more new joiners will be onboard in the next quarter.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B1. REVIEW OF GROUP PERFORMANCE (continued)**Credit Services

The Group’s Credit Services segment is principally engaged in provision of money lending, debt factoring and other credit activities through MAA Credit Berhad and Maax Factor Sdn Bhd.

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
Key financial performance	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM’000	RM’000	RM’000	RM’000
Operating revenue	1,603	-	4,594	-
Profit before taxation	1,080	-	3,553	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Current financial quarter ended 30 June 2021 (“2Q-2021”)

In 2Q-2021, the Credit Services segment recorded a total operating revenue of RM1.6 million which comprised mainly of income from debt factoring business of RM1.1 million and interest income of RM0.5 million from term loans and other credit activities with a PBT of RM1.1 million.

Current financial period ended 30 June 2021 (“FPE30.6.2021”)

The Credit Services segment recorded a total operating revenue of RM4.6 million which comprised mainly of income from debt factoring business of RM3.8 million and interest income of RM0.8 million from term loans and other credit activities with a PBT of RM3.6 million.

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B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION FOR THE QUARTER REPORTED ON AS COMPARED WITH THE PRECEDING QUARTER

For the current financial quarter ended 30 June 2021 (“2Q-2021”), the Group recorded a LBT of RM5.3 million as compared to PBT of RM14.8 million in the preceding financial quarter ended 31 March 2021 (“1Q-2021”). The loss was mainly due to net fair value losses of RM4.8 million (1Q-2021: gains of RM2.7 million) from equity investments classified at FVTPL, lower gains from disposal of investments of RM2.3 million (1Q-2021: RM4.2 million), higher management expenses of RM26.8 million (1Q-2021: RM22.8 million) and allowance for impairment loss of goodwill acquired of RM4.0 million (1Q-2021: RM19,000).

B3. PROSPECTS

The Group’s outlook for 2021 amidst the COVID-19 pandemic is expected to be in line with Bank Negara Malaysia’s revised announcement that Malaysia’s Gross Domestic Product (“GDP”) is poised to grow between 3 % to 4.0% in 2021. Likewise, Moody’s Investor Services has also announced that Philippines will end 2021 with a GDP rate of 5.8%.

Amidst the challenges brought by COVID-19 pandemic, the Group expects the General Insurance business in the Philippines to continue with premium growth and improved profit margins in 2021 and MAAGAP being the main revenue contributor to the Group. In spite of the challenges the insurance industry continues to face as a result of the COVID-19 pandemic and barring other unforeseen circumstances like natural disasters which Philippines is most vulnerable to and the market driven stock performance, MAAGAP remains optimistic for 2021. The Group expects MAAGAP to improve its financial performance in 2021 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 forward, 2021 will be a challenging year for the Group’s Education Services business. The Education Services’ operating units namely Kasturi Group, SJI Group and Imperium Edumaax will continue to intensify their marketing efforts to increase student enrolment, diversify program offerings and continue with cost control measures.

The Group is seeking to grow its money lending business and SME debt factoring business, given that SMEs account for approximately 95% of businesses in Malaysia, and cuts across all sizes and sectors. This translates to approximately 1 million SMEs in Malaysia, which contribute to more than 30% of GDP and are mostly under-served by the banking sector.

Although the global economic outlook for 2021 continues to be cautious with the COVID-19 pandemic, this situation however is being mitigated by various countries through containment measures and the recent announcements of the roll out of vaccination programme.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B5. INVESTMENT INCOME**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	7	-	13	-
Investments at FVTPL				
Dividend income				
- Equity securities quoted in Malaysia	55	-	241	-
- Equity securities quoted outside Malaysia	1,360	-	2,021	-
	1,415	-	2,262	-
Investments at FVOCI				
Dividend income				
- Equity securities quoted outside Malaysia	283	-	722	-
	1,705	-	2,997	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Investments at FVOCI				
Interest income				
- Government debt securities quoted outside Malaysia	379	-	720	-
- Corporate debt securities quoted outside Malaysia	14	-	27	-
- Corporate debt securities unquoted in Malaysia	308	-	308	-
	701	-	1,055	-
Investments at AC				
Interest income				
- Government debt securities quoted outside Malaysia	184	-	367	-
- Corporate debt securities quoted outside Malaysia	1,484	-	3,051	-
- Private trust fund unquoted outside Malaysia	2	-	4	-
- Investment notes unquoted in Malaysia	4	-	4	-
	1,674	-	3,426	-
Interest income from:				
- staff loans	1	-	2	-
- associates	18	-	30	-
- fixed and call deposits	216	-	399	-
	235	-	431	-
Interest income from:				
- debt factoring business	1,080	-	3,745	-
- loans from money lending and other credit activities	518	-	842	-
	1,598	-	4,587	-
	4,208	-	9,499	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B7. REALISED GAINS AND LOSSES - NET**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Net losses from disposal of property, plant and equipment	-	-	(18)	-
Investments at FVTPL				
Net realised gains				
- Equity securities quoted in Malaysia	672	-	1,306	-
- Equity securities quoted outside Malaysia	1,352	-	4,902	-
	2,024	-	6,208	-
Investments at FVOCI				
Net realised gains				
- Government debt securities quoted outside Malaysia	325	-	383	-
	2,349	-	6,573	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B8. FAIR VALUE GAINS AND LOSSES - NET**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Investments at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	(803)	-	(3,508)	-
- Equity securities quoted outside Malaysia	(4,592)	-	1,231	-
- Equity securities unquoted outside Malaysia	534	-	174	-
- Unit trusts quoted in Malaysia	18	-	(7)	-
	(4,843)	-	(2,110)	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B9. PROFIT/(LOSS) BEFORE TAXATION FOR THE FINANCIAL QUARTER AND PERIOD**

Profit/(loss) before taxation for the financial quarter and period is arrived at after crediting/(charging):

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/write back of impairment loss on:				
- investments at AC	(7)	-	127	-
- cash and cash equivalents	38	-	19	-
- insurance receivables	(49)	-	(36)	-
- trade and other receivables	(640)	-	(770)	-
- factoring receivables	(13)	-	(220)	-
- loans from money lending and other credit activities	(219)	-	(270)	-
Realised foreign exchange losses – net	(589)	-	(240)	-
Unrealised foreign exchange gains - net	170	-	1,370	-
Allowance for impairment loss on goodwill	(3,976)	-	(3,995)	-
Depreciation of property, plant and equipment	(994)	-	(2,029)	-
Amortisation of leasehold and	(1)	-	(1)	-
Depreciation of right-of-use assets	(2,463)	-	(4,958)	-
Amortisation of intangible assets	(12)	-	(49)	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B10. TAXATION**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
	RM'000	RM'000	RM'000	RM'000
Current tax	3,488	-	7,551	-
Deferred tax	135	-	3,148	-
Total tax expense	3,623	-	10,699	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

Even though the Group recorded a loss in the current financial quarter ended 30 June 2021 under review, provision for taxation was made mainly for the profit recorded by General Insurance business held via MAAGAP as the group loss relief in Malaysia is not applicable to MAAGAP.

For the current financial period ended 30 June 2021, the Group's effective tax rate was higher than the statutory tax rate mainly due to certain expenses including the fair value losses on investments being not deductible for tax purposes.

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B11. CORPORATE PROPOSALS

- (a) On the PN17 status of MAAG, the Company had, on 24 November 2020, submitted an application to Bursa Securities for a waiver from having to comply with Paragraph 8.04(3)(a) and Practice Note 17 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities had, vide its letter dated 25 March 2021, decided to grant the Company a waiver from complying with Paragraph 8.04(3)(a) of the Main Market Listing Requirements. With the waiver being granted, MAAG was uplifted from being classified as a PN17 Company effective from 26 March 2021.
- (b) On 22 June 2021, the Company entered into an unconditional share sale and purchase agreement (“SPA”) with Ithmaar Bank B.S.C. (Closed) (“Vendor” or “Ithmaar”) to acquire 132,151,497 ordinary shares in Turiya Berhad (“Turiya”) (“Turiya Shares” or “Sale Shares”), representing approximately 57.78% equity interest in Turiya, for a cash consideration of RM23,787,269.46 or RM0.18 per Turiya Shares (“Acquisition”).

Upon completion of the Acquisition, MAAG’s shareholding in Turiya increased from nil to approximately 57.78%. As a consequence, MAAG is obliged to extend a mandatory take-over offer to acquire all the remaining Turiya Shares not already held by MAAG (“Offer Shares”) 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 (“SC”) (“Proposed Offer”).

The Company had, on 5 July 2021, been served with a sealed copy of Writ of Summons dated 3 July 2021 from Empire Holdings Ltd (“Plaintiff”), together with the Notice of Application dated 3 July 2021 and Affidavit in Support of Sarin Sahadev Swami affirmed on 2 July 2021. Please refer to Note B14 of these Interim Reports for details on the Plaintiff’s claim against the Company and other defendants.

On 5 July 2021, the High Court of Malaya at Kuala Lumpur (“Court”) had granted an Ad Interim Injunctive Order (“Interim Injunction”) against the Company, the 1st Defendant and the 2nd Defendant restraining, among others, from taking steps in any manner whatsoever under the Notice of Unconditional Mandatory Take-Over Offer to acquire all the remaining Turiya Shares, until further order. On 5 August 2021, the Interim Injunction was further extended from 5 August 2021 to 21 September 2021.

In view of the Interim Injunction, SC had, vide its letter dated 12 July 2021, approved MAAG’s application for an extension of time to despatch the offer document within 3 market day after the sealed order confirming the lapse or setting aside of the interim Injunction, as the case may be, is received by MAAG, or within 2 market days after the SC has notified that it has no further comments on the Offer Document, whichever is later.

Other than as stated above, there was no corporate proposal announced but not completed as at the reporting date.

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS**

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow:

(a) Disposal of MAA Takaful Berhad (“MAA Takaful”) on 30 September 2016

	Purpose	Revised Utilisation ^(N1)	Actual Proceeds Received	Further Revised Utilisation ^(N4)	Deviation	Further Revised Utilisation (After Deviation)	Further Revised Timeframe For Utilisation	Actual Utilisation	Further Revised Remaining Unutilised Proceeds
		RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
(i)	Future investment opportunity(ies)/Prospective new business(es) to be acquired ^(N3)	68,250 93,750	68,250 ^(N2) 88,623	- 70,127	- ^(N7) (14,807)	- 55,320	Within 24 months from the EGM held on 30 June 2020	23,787	31,533
(ii)	Working capital	30,854	30,854	84,435	18,615 ^{(N5), (N6), (N7)}	103,050		Within 24 months from the EGM held on 30 June 2020	103,050
(iii)	Payment of dividends to shareholders for the FYE 2017	8,207	8,207	8,207	-	8,207	Utilised	8,207	-
(iv)	Payment of dividends to shareholders	32,822	32,822	32,822	-	32,822	Within 24 months from the EGM held on 30 June 2020	16,411	16,411
(v)	Acquisition of HCAT ^(N5) , Acquisition of SIB ^(N6) and Subscription of Shares in Altech Chemicals Limited (“Altech”)	-	-	38,292	^{(N5), (N6)} (3,808)	34,484	Within 18 months from the EGM held on 30 June 2020	34,484	-
	Total	233,883	228,756	233,883	-	233,883		185,939	47,944

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B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow: (continued)

(a) Disposal of MAA Takaful Berhad (“MAA Takaful”) on 30 September 2016 (continued)

- ^(N1) Revised utilisation approved by shareholders during the EGM held on 5 June 2018.
- ^(N2) Of the RM93,750,000 balance sale consideration of MAA Takaful retained by Zurich Insurance Company Ltd (“Zurich”), the Company received RM88,623,399.52 from Zurich on 1 July 2019 net of Zurich’s claims of RM5,126,600.48.
- ^(N3) As disclosed in the Circular to Shareholders in relation to the disposal of MAA Takaful dated 6 June 2016, the actual proceeds of RM156.9 million is allocated for the Company to acquire future investment opportunity(ies)/prospective new business(es) to enhance its earning profile, regulate its financial conditions and address the PN17 status.
- ^(N4) Further revised utilisation approved by shareholders during the EGM held on 30 June 2020.
- ^(N5) Pursuant to the new Share Purchase Agreement (“SPA dated 20 July 2020”) entered by Edumaax Sdn Bhd (“Edumaax”) and HELP International Corporation Berhad (“HIC”) in relation to the acquisition of HELP College of Arts and Technology Sdn Bhd (“HCAT”) (now known as Imperium Edumaax Sdn Bhd (“Imperium Edumaax”) (“Acquisition for HCAT”), the purchase consideration had reduced from RM 5.5 million to RM2.0 million. HIC had refunded the excess purchase consideration of RM3.5 million to Edumaax. The excess purchase consideration of RM3.5 million was subsequently re-allocated and utilised for the working capital requirement of Imperium Edumaax.
- ^(N6) RM5.0 million of the purchase consideration for Scholastic IB International Sdn Bhd (“SIB”) and its subsidiaries was withheld by Edumaax pending fulfillment by the vendors of the aggregate profit guarantees of RM5.0 million for financial years ended 31 December 2019 and 31 December 2020. On 17 July 2020 and 22 March 2021, Edumaax had paid RM4.7 million to the vendors upon achieving profits of RM1.2 million and RM3.5 million for financial years ended 31 December 2019 and 31 December 2020 respectively. Edumaax deducted RM0.3 million from the retained purchase consideration of RM5.0 million in view of the profit shortfall. The balance purchase consideration of RM0.3 million had been re-allocated for the working capital requirement of the Company.

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B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow: (continued)

(a) Disposal of MAA Takaful Berhad (“MAA Takaful”) on 30 September 2016 (continued)

^(N7) The Company had re-allocated and utilised an amount totaling RM14.8 million for the following businesses via capital injections and advances to MAA Credit Berhad and Maax Factor Sdn Bhd:

- Money lending : RM10.5 million
- Factoring : RM4.3 million

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)**

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow: (continued)

(b) Disposal of Columbus Capital Pty Limited (“CCA”) on 27 December 2018

	Purpose	Proposed Utilisation	Deviation	Revised Utilisation (After Deviation)	Timeframe for utilisation	Actual Utilisation	Remaining Unutilised Proceeds
		RM'000	RM'000	RM'000		RM'000	RM'000
(i)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	59,520	(15,368)	44,152	No time limit specified	^(N9) 20,663	23,489
(ii)	Working Capital	-	^(N8) 15,368	15,368		15,368	-
	Total	59,520	-	59,520		36,031	23,489

^(N8) Capital injections and advances to subsidiaries, namely Imperium Edumaax Sdn Bhd, MAA Corporation Sdn Bhd, Kasturi Academy Sdn Bhd, Hospitality 360 Sdn Bhd and Edumaax Sdn Bhd totaling RM15.4 million for working capital requirements.

^(N9) (i) Acquisition of a loan of Euro3,160,000 (equivalent to RM14.6 million) and other related professional fees incurred. This loan is secured by mortgage which was valued approximately 2.5 times above the debt; and
(ii) Investment in 35.20% interest in MicroLEAP PLT for a total consideration of RM1,250,000.

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B13. BORROWINGS AND DEBT SECURITIES

The Group has no outstanding borrowings and debt securities as at the end of the financial period ended 30 June 2021.

B14. CHANGES IN MATERIAL LITIGATION

KUALA LUMPUR HIGH COURT CIVIL SUIT NO. WA-22NCC-295-07/2021 EMPIRE HOLDINGS LTD ("PLAINTIFF") VS ITHMAAR DEVELOPMENT COMPANY LTD ("1ST DEFENDANT"), ITHMAAR BANK B.S.C. ("2ND DEFENDANT"), MAAG ("3RD DEFENDANT"), TUNKU DATO' YAACOB KHYRA ("4TH DEFENDANT") AND TURIYA BERHAD ("5TH DEFENDANT") (COLLECTIVELY REFERRED TO AS "DEFENDANTS")

The Company had, on 5 July 2021, been served with a sealed copy of a Writ of Summons dated 3 July 2021 from the Plaintiff together with the Notice of Application dated 3 July 2021 and Affidavit in Support of Sarin Sahadev Mohan Swami affirmed on 2 July 2021.

The Plaintiff's claim against the 1st Defendant and 2nd Defendant 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 held as security and/or by way of charge by the 1st Defendant, and owned at all material times by Plaintiff ("the 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 1st Defendant's and/or 2nd Defendant's sale and/or disposal of the Shares to the 3rd Defendant at below market value and/or at an undervalue, pursuant to a share sale and purchase agreement entered into between the 2nd Defendant and 3rd Defendant on 22 June 2021 ("Share Sale and Purchase Agreement") to acquire the Shares, without reasonable or any notice to the Plaintiff, and contrary to and/or in breach of the representations and/or agreement by Abdulla Taleb made for and on behalf of the 1st Defendant and/or 2nd Defendant to the Plaintiff for inter alia the redemption inter alia of the Shares by the Plaintiff ("the Agreement") and/or giving rise to an estoppel against the sale and transfer of the Shares to the 3rd Defendant.

Further to the e-review case management held on 7 July 2021, the Court issued an Ad Interim Injunctive Order (interim injunction) against the Company, and against the 1st Defendant and the 2nd Defendant, details of which are as follows:

- (i) that MAAG, the 3rd Defendant, whether by themselves, their directors, officers, servants and/or agents or otherwise howsoever, be restrained and an injunction be granted restraining them from selling, transferring, pledging, exercising any rights including voting rights, or howsoever dealing with the 132,151,497 Shares in the 5th Defendant held as security and/or by way of charge by the 1st Defendant and/or 2nd Defendant, and owned at all material times by the Plaintiff, purportedly purchased by the 3rd Defendant on or about 22 June 2021, until further order;
- (ii) that the 3rd Defendant, whether by themselves, their directors, officers, servants and/or agents or otherwise howsoever, be restrained and an injunction be granted restraining them from taking steps in any manner whatsoever under the Notice of Unconditional Mandatory Take-Over Offer to acquire shares in the 5th Defendant other than the Shares, until further order; and

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2021**B14. CHANGES IN MATERIAL LITIGATION** (continued)

(iii) that the 1st Defendant and the 2nd Defendant, whether by themselves, their directors, officers, servants and/or agents or otherwise howsoever, be restrained and an injunction be granted restraining them from exercising any and/or all rights of sale, disposal, assignment and/or enforcement howsoever, over all other shares and/or assets taken as security for the facility granted to the Plaintiff, until further order.

On 5 August 2021, the Ad Interim Injunction, granted on 5 July 2021, was further extended from 5 August 2021 until 21 September 2021.

The Court has fixed 21 September 2021 for the inter parties hearing of the Injunction application.

B15. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the financial period ended 30 June 2021 (30 June 2020: Nil) in respect for the financial year ending 30 June 2022.

B16. BASIC EARNING/(LOSS) PER ORDINARY SHARE

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.6.2021	30.6.2020 ^(*)	30.6.2021	30.6.2020 ^(*)
<u>Attributable to the Owners of the Company:</u>				
Net (loss)/profit for the financial quarter/period (RM'000)	(5,848)	-	3,173	-
Weighted average number of ordinary shares in issue ('000)	263,732	-	263,732	-
Basic (loss)/earnings per ordinary share (sen)	(2.22)	-	1.20	-

^(*) There will be no comparative financial information available for the corresponding financial quarter and period as the Group had changed its financial year end from 31 December to 30 June.

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B17. AUDITOR’S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor’s report on the audited annual financial statements for the financial year ended 31 December 2020 was not qualified.

By Order of the Board

Lily Yin Kam May

Company Secretary

KUALA LUMPUR

DATE: 24 AUGUST 2021