

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

**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 requirements of MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

These unaudited Interim Reports should be read in conjunction with the Group's consolidated audited annual financial statements for the financial year ended 31 December 2014. The explanatory notes attached to these Interim Reports provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group in these Interim Reports are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2014.

The following amendments and annual improvements to MFRSs that are effective on 1 January 2015 have been adopted by the Group and did not have any material impact to the current financial year's financial statements of the Group.

- Amendments to MFRS 119 Defined Benefits Plans – Employees Contributions
- Annual improvements to MFRS 2010 -2012 Cycle (effective from 1 July 2014)
- Annual improvements to MFRS 2011 -2013 Cycle (effective from 1 July 2014)

The following MFRSs, amendments and improvements to MFRSs have been issued by MASB and are not yet effective for adoption by the Group:

Effective from financial year beginning on or after 1 January 2016

- 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*
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures – *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 Joint Arrangements – *Accounting with Acquisitions of Interests in Joint Operations*
- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 101 Presentation of Financial Statements – *Disclosure Initiative*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets – *Clarification of Acceptable Methods of Depreciation and Amortisation*

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective from financial year beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture – *Bearer Plants*
- Amendments to MFRS 127 Consolidated and Separate Financial Statements – *Equity Method in Separate Financial Statements*
- Annual improvements to MFRSs 2012-2014 Cycle

Effective from financial year beginning on or after 1 January 2017

- Amendments to MFRS 15 Revenue from Contracts with Customers

Effective from financial year beginning on or after 1 January 2018

- MFRS 9 Financial Instruments – *Classification and Measurement of Financial Assets and Financial Liabilities*

The Group will assess the application of adopting MFRS 9 before the effective date.

The other amendments and improvements to MFRSs are not expected to have any material impact on the Group.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operations for the current financial quarter and period ended 30 June 2015 were not significantly affected by any seasonal or cyclical factors.

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

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence during the current financial quarter and period ended 30 June 2015.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have any material effect in the current financial quarter and period ended 30 June 2015.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A6. DEBT AND EQUITY SECURITIES

During the current financial quarter ended 30 June 2015, there was no repurchase of the Company's ordinary shares.

For the current financial period ended 30 June 2015, the Company has repurchased a total 2,318,500 ordinary shares of its issued ordinary shares from the open market at an average price of RM0.67 per share. The total consideration paid for the share buy-back including transaction costs during the current financial period ended 30 June 2015 amounted to RM1,558,001 and were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2015, the total number of treasury shares held was 4,343,700 ordinary shares.

Other than above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 30 June 2015.

A7. DIVIDEND PAID

The Company paid a first interim dividend of 3 sen per ordinary share under the single-tier dividend system totaling RM9,000,302 on 30 April 2015 in respect of the financial year ending 31 December 2015.

A8. SEGMENTAL INFORMATION

The Group has six (6) operating segments, as described 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 operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee of the Company (the chief operating decision maker). The following summary describes the operations in each of the Group's operating segments:

- General insurance - underwriting all classes of general insurance business
- Family takaful business - underwriting family takaful business
- General takaful business - underwriting general takaful business
- Shareholders' fund of the insurance and takaful businesses
- Card business - business of prepaid cards and other related cards and services
- Investment holdings

Other segments comprise hire purchase, leasing and other credit activities, property management, consultancy services and education services.

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, except the Life insurance business has ceased to be recognised as operating segment in accordance with MFRS 8.13 based on quantitative threshold.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A8. SEGMENTAL INFORMATION (continued)

	Insurance		Takaful			Card business	Investment holdings	Other segments		Total
	General insurance	Share-holders' fund	General takaful	Family takaful	Share-holders' fund			Continuing	Discontinued	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended</u>										
<u>30 June 2015</u>										
External revenue	44	85	67,154	73,185	955	111	2,487	2,141	-	146,162
Profit/(loss) by segments	(577)	1,362	2,385	(481)	(198)	(591)	(2,595)	2,761	(8)	2,058
Tax expenses attributable to participants	-	-	(2,385)	(43)	-	-	-	-	-	(2,428)
	(577)	1,362	-	(524)	(198)	(591)	(2,595)	2,761	(8)	(370)
Share of profit of associates not included in reportable segments										562
Profit before taxation ^(*)										192

^(*) consist of profit/(loss) before taxation from:

	RM'000
- Continuing	200
- Discontinued	(8)
	<u>192</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A8. SEGMENTAL INFORMATION (continued)

	Insurance		Takaful			Card business	Investment holdings	Other segments		Total
	General insurance	Share-holders' fund	General takaful	Family takaful	Share-holders' fund			Continuing	Discontinued	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months period ended 30 June 2015										
External revenue	89	167	141,992	136,932	1,893	482	4,885	3,782	-	290,222
Profit/(loss) by segments	1,728	1,223	3,361	(291)	3,520	(1,074)	(5,014)	2,614	(8)	6,059
Tax expenses attributable to participants	-	-	(2,810)	(1,272)	-	-	-	-	-	(4,082)
	1,728	1,223	551	(1,563)	3,520	(1,074)	(5,014)	2,614	(8)	1,977
Share of profit of associates not included in reportable segments										741
Profit before taxation ^(*)										<u>2,718</u>

^(*) consist of profit/(loss) before taxation from:

	RM'000
- Continuing	2,726
- Discontinued	(8)
	<u>2,718</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A8. SEGMENTAL INFORMATION (continued)

	Insurance		Takaful			Card business	Investment holdings	Other segments		Total
	General insurance	Share-holders' fund	General takaful	Family takaful	Share-holders' fund			Continuing	Discontinued	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months period ended 30 June 2014										
External revenue	(315)	101	54,788	100,909	916	64	2,591	1,907	2	160,963
Profit/(loss) by segments	2,643	(486)	393	(1,564)	(7,290)	(777)	(1,790)	6,332	(1)	(2,540)
Tax expenses attributable to participants	-	-	(393)	(1,364)	-	-	-	-	-	(1,757)
	2,643	(486)	-	(2,928)	(7,290)	(777)	(1,790)	6,332	(1)	(4,297)
Share of profit of associates not included in reportable segments										1,905
Loss before taxation ^(*)										(2,392)

^(*) consist of loss before taxation from:

	RM'000
- Continuing	(2,391)
- Discontinued	(1)
	<u>(2,392)</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A8. SEGMENTAL INFORMATION (continued)

	Insurance		Takaful			Card business	Investment holdings	Other segments		Total
	General insurance	Share-holders' fund	General takaful	Family takaful	Share-holders' fund			Continuing	Discontinued	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months period ended 30 June 2014										
External revenue	191	269	122,329	202,235	1,818	115	5,566	3,771	2	336,296
Profit/(loss) by segments	9,885	(1,318)	1,077	(1,019)	(4,219)	(1,365)	(3,368)	5,868	(1)	5,540
Tax expenses attributable to participants	-	-	(1,077)	(1,909)	-	-	-	-	-	(2,986)
	9,885	(1,318)	-	(2,928)	(4,219)	(1,365)	(3,368)	5,868	(1)	2,554
Share of profit of associates not included in reportable segments										340
Profit before taxation ^(*)										2,894

^(*) consist of profit/(loss) before taxation from:

	RM'000
- Continuing	2,895
- Discontinued	(1)
	<u>2,894</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

A9. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the financial period ended 30 June 2015 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

On 20 May 2015, MAACA Corporate Services Sdn Bhd ceased to be a subsidiary of the Group as stated in note B10(b) of this report.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipments were stated at cost less accumulated depreciation and accumulated impairment loss if any. There were no revaluations of property, plant and equipments during the current financial quarter and period ended 30 June 2015.

A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group had been carried at revalued amount at the financial year ended 31 December 2014. These revalued amounts have been carried forward to the current financial period ended 30 June 2015.

A13. CONTINGENCIES

In the normal course of business, the insurance and takaful subsidiaries of the Company incur certain liabilities in the form of performance bonds and guarantees on behalf of customers. No material losses are anticipated as a result of these transactions.

Details of the Group's contingent liabilities are as follows:

	As at 30.6.2015	As at 31.12.2014
	RM'000	RM'000
Performance bonds and guarantees	25,912	25,950

A14. CAPITAL COMMITMENTS

The Group's capital commitments not provided for in these Interim Reports is as follows:

	As at 30.6.2015
	RM'000
Authorised and contracted for:	
- Office renovation	301

MAA GROUP BERHAD (471403-A)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

**A15. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (UNAUDITED)
AS AT 30 JUNE 2015**

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	16,607	39	-	-	-	16,646
Investment properties	15,842	-	-	-	-	15,842
Intangible assets	3,388	-	-	-	-	3,388
Associates	65,587	-	-	-	-	65,587
Deferred tax assets	-	-	-	3,052	122	3,174
Tax recoverable	1,018	35	-	-	2	1,055
Reinsurance/retakaful assets	-	394	-	293,069	17,464	310,927
Investments	153,463	1,506	-	84,155	415,716	654,840
Financial assets at fair value through profit or loss	13,075	-	-	-	346,610	359,685
Available-for-sale financial assets	113,931	1,506	-	68,432	43,455	227,324
Held-to-maturity financial assets	-	-	-	15,364	25,632	40,996
Loans and receivables	26,457	-	-	359	19	26,835
Insurance/takaful receivables	-	57,150	-	89,315	3,793	150,258
Trade and other receivables	52,939	126	-	5,668	1,254	59,987
Cash and cash equivalents	209,854	2,125	10	67,773	33,508	313,270
Total assets	518,698	61,375	10	543,032	471,859	1,594,974
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	25,793	-	400,006	463,715	889,514
Deferred tax liabilities	1,168	-	-	-	7	1,175
Insurance/takaful payables	-	86,401	-	116,736	3,994	207,131
Trade and other payables	35,007	986	-	16,700	7,163	59,856
Current tax liabilities	1,636	27	-	2,561	809	5,033
Total liabilities	37,811	113,207	-	536,003	475,688	1,162,709
Equity, policyholders' funds and liabilities						
Share capital	304,354	-	-	-	-	304,354
Treasury shares	(2,870)	-	-	-	-	(2,870)
Retained earnings/(accumulated losses)	118,333	-	-	-	(12,910)	105,423
Reserves	4,791	-	-	-	-	4,791
Total equity attributable to the owners of the Company	424,608	-	-	-	(12,910)	411,698
Non-controlling interests	20,567	-	-	-	-	20,567
Total equity	445,175	-	-	-	(12,910)	432,265
Total equity, policyholders' funds and liabilities						
	482,986	113,207	-	536,003	462,778	1,594,974
Inter-fund balances	35,712	(51,832)	10	7,029	9,081	-

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

**A15. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (AUDITED)
AS AT 31 DECEMBER 2014**

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	17,245	52	-	-	-	17,297
Investment properties	14,846	-	-	-	-	14,846
Intangible assets	3,584	-	-	-	-	3,584
Associates	64,866	-	-	-	-	64,866
Deferred tax assets	-	-	-	3,213	607	3,820
Tax recoverable	955	35	-	249	19	1,258
Reinsurance/retakaful assets	-	6,509	-	280,382	14,535	301,426
Investments	161,649	2,054	-	65,956	370,589	600,248
Financial assets at fair value through profit or loss	13,279	-	-	-	307,726	321,005
Available-for-sale financial assets	122,809	1,562	-	49,122	37,221	210,714
Held-to-maturity financial assets	-	-	-	15,366	25,636	41,002
Loans and receivables	25,561	492	-	1,468	6	27,527
Insurance/takaful receivables	-	56,402	-	97,819	2,674	156,895
Trade and other receivables	47,432	57	-	4,014	1,295	52,798
Cash and cash equivalents	213,720	827	420	48,122	79,179	342,268
Total assets	524,297	65,936	420	499,755	468,898	1,559,306
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	34,857	-	366,291	445,980	847,128
Deferred tax liabilities	911	-	-	-	-	911
Insurance/takaful payables	-	84,243	-	119,126	6,308	209,677
Trade and other payables	39,552	316	410	8,249	9,016	57,543
Current tax liabilities	40	10	-	-	-	50
Total liabilities	40,503	119,426	410	493,666	461,304	1,115,309
Equity, policyholders' funds and liabilities						
Share capital	304,354	-	-	-	-	304,354
Treasury shares	(1,312)	-	-	-	-	(1,312)
Retained earnings/(accumulated losses)	125,744	-	-	(551)	(11,348)	113,845
Reserves	7,024	-	-	-	-	7,024
Total equity attributable to the owners of the Company	435,810	-	-	(551)	(11,348)	423,911
Non-controlling interests	20,086	-	-	-	-	20,086
Total equity	455,896	-	-	(551)	(11,348)	443,997
Total equity, policyholders' funds and liabilities	496,399	119,426	410	493,115	449,956	1,559,306
Inter-fund balances	27,898	(53,490)	10	6,640	18,942	-

MAA GROUP BERHAD (471403-A)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

Continuing Operations

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	11,209	89	-	141,992	136,932	-	290,222
Gross earned premiums/contributions	-	1	-	139,544	130,661	-	270,206
Premiums/contributions ceded to reinsurers/retakaful operators	-	-	-	(90,660)	(5,770)	-	(96,430)
Net earned premiums/contributions	-	1	-	48,884	124,891	-	173,776
Investment income	6,945	88	-	2,448	6,271	-	15,752
Realised gains and losses – net	57	-	-	(77)	6,770	-	6,750
Fair value gains and losses - net	434	-	-	-	5,568	-	6,002
Fee and commission income	-	-	-	20,675	-	-	20,675
Other operating revenue from non-insurance businesses	4,264	-	-	-	-	-	4,264
Other operating income/(expenses) - net	14,069	1,764	-	(404)	(9,333)	-	6,096
Surplus sharing from General takaful	4,205	-	-	-	-	(4,205)	-
Surplus sharing from Family takaful	3,461	-	-	-	-	(3,461)	-
Wakalah fee from takaful business	72,727	-	-	-	-	(72,727)	-
Other revenue	106,162	1,852	-	22,642	9,276	(80,393)	59,539
Gross benefits and claims paid	-	(6,332)	-	(48,285)	(86,194)	-	(140,811)
Claims ceded to reinsurers/retakaful operators	-	3,077	-	34,581	4,096	-	41,754
Gross change to contract liabilities	-	10,965	-	(27,045)	(14,664)	-	(30,744)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(6,944)	-	10,559	2,836	-	6,451
Net insurance/takaful benefits and claims	-	766	-	(30,190)	(93,926)	-	(123,350)
Fee and commission expense	(49,130)	-	-	-	-	-	(49,130)
Management expenses	(55,549)	(891)	-	386	1,500	-	(54,554)
Expenses liabilities	(214)	-	-	-	-	-	(214)
Surplus sharing with Shareholders' fund	-	-	-	(4,205)	(3,461)	7,666	-
Wakalah fee payable to Shareholders' fund	-	-	-	(34,156)	(38,571)	72,727	-
Other expenses	(104,893)	(891)	-	(37,975)	(40,532)	80,393	(103,898)
Share of profit of associates, net of tax	741	-	-	-	-	-	741
Profit/(loss) before taxation	2,010	1,728	-	3,361	(291)	-	6,808
Tax expenses attributable to participants	-	-	-	(2,810)	(1,272)	-	(4,082)
Profit/(loss) before taxation for Shareholders' fund and General fund	2,010	1,728	-	551	(1,563)	-	2,726
Taxation	(1,659)	-	-	(2,810)	(1,272)	-	(5,741)
Tax expenses attributable to participants	-	-	-	2,810	1,272	-	4,082
Tax expenses attributable to Shareholders' fund	(1,659)	-	-	-	-	-	(1,659)
Profit /(loss) for the financial period	351	1,728	-	551	(1,563)	-	1,067

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

Discontinued Operations

	Shareholders ' fund	Total
	RM'000	RM'000
Operating revenue	-	-
Management expenses	(8)	(8)
Other expenses	(8)	(8)
Loss before taxation	(8)	(8)
Taxation	-	-
Loss for the financial period	(8)	(8)

MAA GROUP BERHAD (471403-A)
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**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 31 JUNE 2014**

Continuing Operations

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	11,486	191	53	122,329	202,235	-	336,294
Gross earned premiums/contributions	-	99	-	120,704	195,645	-	316,448
Premiums/contributions ceded to reinsurers/retakaful operators	-	(12)	-	(96,725)	(4,064)	-	(100,801)
Net earned premiums/contributions	-	87	-	23,979	191,581	-	215,647
Investment income	7,518	92	53	1,625	6,590	-	15,878
Realised gains and losses – net	170	58	-	(65)	9,792	-	9,955
Fair value gains and losses - net	413	-	(389)	-	4,193	-	4,217
Fee and commission income	-	-	-	23,082	-	-	23,082
Other operating revenue from non-insurance businesses	3,968	-	-	-	-	-	3,968
Other operating income/(expenses) - net	10,287	13,602	260	-	(7,107)	-	17,042
Surplus sharing from General takaful	1,272	-	-	-	-	(1,272)	-
Surplus sharing from Family takaful	2,500	-	-	-	-	(2,500)	-
Wakalah fee from takaful business	72,912	-	-	-	-	(72,912)	-
Other revenue	99,040	13,752	(76)	24,642	13,468	(76,684)	74,142
Gross benefits and claims paid	-	(31,147)	-	(36,087)	(79,785)	-	(147,019)
Claims ceded to reinsurers/retakaful operators	-	25,246	-	26,320	4,441	-	56,007
Gross change to contract liabilities	-	24,679	489	(32,821)	(82,677)	-	(90,330)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(21,406)	-	29,216	(4,016)	-	3,794
Net insurance/takaful benefits and claims	-	(2,628)	489	(13,372)	(162,037)	-	(177,548)
Fee and commission expense	(50,724)	-	-	-	-	-	(50,724)
Management expenses	(51,751)	(1,326)	(220)	(1,519)	-	-	(54,816)
Expenses liabilities	(942)	-	-	-	-	-	(942)
Surplus sharing with Shareholders' fund	-	-	-	(1,272)	(2,500)	3,772	-
Wakalah fee payable to Shareholders' fund	-	-	-	(31,381)	(41,531)	72,912	-
Finance cost	(218)	-	-	-	-	-	(218)
Other expenses	(103,635)	(1,326)	(220)	(34,172)	(44,031)	76,684	(106,700)
Share of profit of associates, net of tax	340	-	-	-	-	-	340
(Loss)/profit before taxation	(4,255)	9,885	193	1,077	(1,019)	-	5,881
Tax expenses attributable to participants	-	-	-	(1,077)	(1,909)	-	(2,986)
(Loss)/profit before taxation for Shareholders' fund and General fund	(4,255)	9,885	193	-	(2,928)	-	2,895
Taxation	(1,005)	-	-	(1,077)	(1,909)	-	(3,991)
Tax expenses attributable to participants	-	-	-	1,077	1,909	-	2,986
Tax expenses attributable to Shareholders' fund	(1,005)	-	-	-	-	-	(1,005)
(Loss)/profit for the financial period	(5,260)	9,885	193	-	(2,928)	-	1,890

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

Discontinued Operations

	Shareholders	
	' fund	Total
	RM'000	RM'000
Operating revenue	<u>2</u>	<u>2</u>
Investment income	2	2
Other revenue	<u>2</u>	<u>2</u>
Management expenses	(3)	(3)
Other expenses	<u>(3)</u>	<u>(3)</u>
Loss before taxation	<u>(1)</u>	<u>(1)</u>
Taxation	-	-
Loss for the financial period	<u>(1)</u>	<u>(1)</u>

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF GROUP PERFORMANCE

In these Interim Reports under review, the discontinued operations for the financial period ended 30 June 2015 represent subsidiary company disposed during the year, as announced by the Company in note B10(b) of this report. However, in order to conform to the current financial year's presentation of financial statements, the preceding financial year's results of the subsidiary company disposed during the year 2015 have been reclassified from continuing operations to discontinued operations for comparative purposes.

Current financial quarter ended 30 June 2015 ("2Q-2015") against preceding year's corresponding financial quarter ended 30 June 2014 ("2Q-2014")

Operating revenue

The Group recorded a decrease of 9.2% in total operating revenue to RM146.2 million for 2Q-2015 under review (2Q-2014: RM161.0 million, of which the continuing operations recorded RM161.0 million and the discontinued operations recorded RM2,000).

Under the conventional insurance business, the General Insurance Division comprised wholly of the Indonesia operations recorded a nil gross earned premiums (2Q-2014: negative gross earned premium of RM0.3 million) due to run-off effects of the said operations that has commenced in 2013. The negative gross earned premium of RM0.3 million recorded in 2Q-2014 was mainly due to refund premium for cancelled policies.

Under the takaful business, the General Takaful Division recorded an increase in total gross earned contributions by 22.1% to RM65.8 million (2Q-2014: RM53.9 million), mainly growth from miscellaneous classes of business, whilst the Family Takaful Division registered a 27.2% decrease in total gross earned contributions to RM70.5 million (2Q-2014: RM96.9 million), affected by the decline from group business and single contribution investment-linked products.

The Shareholders' fund recorded total operating revenue of RM5.8 million (2Q-2014: RM5.6 million).

Profit / loss before taxation

The Group recorded a lower profit before taxation ("PBT") of RM192,000 for 2Q-2015 (2Q-2014: Loss before taxation ("LBT") of RM2.4 million), of which the continuing operations recorded a PBT of RM200,000 (2Q-2014: LBT of RM2.4 million) and the discontinued operations recorded a LBT of RM8,000 (2Q-2014: LBT of RM1,000).

Under the conventional insurance business, the General Insurance Division recorded a LBT of RM0.6 million (2Q-2014: PBT of RM2.6 million). The loss in Q2-2015 arose mainly from earned income of RM0.2 million (Q2-2014: RM1.8 million) from claim liabilities waived via hair-cut negotiations that was lower than operating expenses and unrealised foreign exchange loss.

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 June 2015 ("2Q-2015") against preceding year's corresponding financial quarter ended 30 June 2014 ("2Q-2014") (continued)

Profit / loss before taxation (continued)

Under the takaful business, the General Takaful Division recorded a surplus of RM3.5 million (2Q-2014: deficit of RM64,000) transferred to the Shareholders' fund, mainly contributed by higher gross earned contributions, lower wakalah fee expenses and write back of impairment allowance for insurance receivables. The Family Takaful Division recorded a surplus of RM2.3 million (2Q-2014: deficit of RM148,000) transferred to the Shareholders' fund from the investment-linked takaful risk fund and a deficit of RM0.5 million (2Q-2014: deficit of RM2.9 million) from the non-investment-linked takaful risk fund stemming from higher reserving requirements for group mortgage portfolio. In 2Q-2015, the said deficit was offset by income from the write back of impairment allowance for insurance receivables.

The Shareholders' Fund recorded a PBT of RM1.3 million in 2Q-2015 (2Q-2014: LBT of RM2.4 million) after taking into account the surplus transfer of RM3.5 million (2Q-2014: deficit of RM64,000) from the General Takaful fund and RM2.3 million (2Q-2014: deficit of RM148,000) from the Family Takaful fund.

Current financial period ended 30 June 2015 ("FP2015") against preceding year's corresponding financial period ended 30 June 2014 ("FP2014")

Operating revenue

The Group recorded a decrease of 9.2% in total operating revenue to RM290.2 million for FP2015 under review, wholly from continuing operations (FP2014: RM336.3 million, of which the continuing operations recorded RM336.3 million and the discontinued operations recorded RM2,000).

Under the conventional insurance business, the General Insurance Division comprised wholly of the Indonesia operations recorded a minimal gross earned premiums of RM1,000 (FP2014: RM99,000) due to run-off effects of the said operations that has commenced in 2013.

Under the takaful business, the General Takaful Division recorded an increase in total gross earned contributions by 15.6% to RM139.5 million (FP2014: RM120.7 million), mainly growth from motor and miscellaneous classes of business, whilst the Family Takaful Division registered a 33.2% decrease in total gross earned contributions to RM130.7 million (FP2014: RM195.6 million), affected by the decline from group business and single contribution investment-linked products.

The Shareholders' fund recorded total operating revenue of RM11.2 million (FP2014: RM11.5 million).

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(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 June 2015 (“FP2015”) against preceding year’s corresponding financial period ended 30 June 2014 (“FP2014”) (continued)

Profit / loss before taxation

The Group recorded a lower PBT of RM2.7 million for FP2015 (FP2014: PBT of RM2.9 million), of which the continuing operations recorded a PBT of RM2.7 million (FP2014: PBT of RM2.9 million) and the discontinued operations recorded a LBT of RM8,000 (FP2014: LBT of RM1,000).

Under the conventional insurance business, the General Insurance Division recorded a PBT of RM1.7 million (FP2014: PBT of RM9.9 million), mainly from an income of RM2.4 million (FP2014: RM11.0 million) from claim liabilities waived via hair-cut negotiations.

Under the takaful business, the General Takaful Division recorded a higher surplus of RM4.2 million (FP2014: RM1.3 million) transferred to the Shareholders’ fund, mainly contributed by higher gross earned contributions and write back of impairment allowance for insurance receivables. The Family Takaful Division recorded a higher surplus of RM3.5 million (FP2014: RM2.5 million) transferred to the Shareholders’ fund from the investment-linked takaful risk fund and a deficit of RM1.6 million (FP2014: RM2.9 million) from the non-investment-linked takaful risk fund stemming from higher reserving requirements for group mortgage portfolio. In FP2015, the said deficit was offset by income from the write back of impairment allowance for insurance receivables.

The Shareholders’ Fund recorded a PBT of RM2.0 million in FP2015 (FP2014: LBT of RM4.3 million) after taking into account the surplus transfer of RM4.2 million (FP2014: RM1.3 million) from the General Takaful fund and RM3.5 million (FP2014: RM2.5 million) from the Family Takaful fund.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (2Q-2015) AGAINST THE PRECEDING QUARTER (1Q-2015)

In 2Q-2015, the Group registered a lower PBT of RM0.2 million (1Q-2015: PBT of RM2.5 million). The higher profit recorded in 1Q-2015 was mainly contributed by realised and fair value gains from investments and higher fee and commission income earned.

B3. PROSPECTS

The Group will continue with existing efforts to grow its takaful business and focus on returning the operations to profitability through enhanced underwriting and re-pricing of medical products, notwithstanding that it has commenced negotiations with Zurich for the proposed disposal of equity interest held in MAA Takaful as disclosed in note B10(c) of these Interim Reports.

On the PN17 status of the Company, it is the Board’s intention to maintain the listing status of the Company. Accordingly the Company is in the progress of preparing a regularisation plan that takes cognisance of the effects of the proposed disposal of MAA Takaful for submission to Bursa Securities.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. INVESTMENT INCOME

	3 months period ended		6 months period ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Interest income	7,425	6,917	14,575	13,373
Dividend income	467	1,960	1,693	2,849
Rental income	14	31	26	70
Amortisation of premium	(266)	(524)	(542)	(414)
	7,640	8,384	15,752	15,878
<u>Discontinued Operations</u>				
Interest income	-	2	-	2

B6. REALISED GAINS AND LOSSES – NET

	3 months period ended		6 months period ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Gains/(loss) on disposal of:				
- Investments	1,221	3,420	6,817	9,852
- Property, plant and equipment	(67)	103	(67)	103
	1,154	3,523	6,750	9,955

B7. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		6 months period ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Fair value (losses)/gains on investments	(3,346)	5,418	6,002	4,217

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B8. PROFIT/(LOSS) BEFORE TAXATION FOR THE QUARTER AND PERIOD

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

	3 months period ended		6 months period ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
(Allowance for)/write back of impairment loss on:				
- available-for-sale financial assets	-	270	-	-
- trade and other receivables	(21)	33	(27)	98
- insurance/takaful receivables	3,959	(745)	1,913	(1,519)
- loans from leasing, hire purchase and others receivables	-	2,423	84	2,268
Bad debts recovered	17	20	36	45
Income from claim liabilities waived	166	1,842	2,429	10,965
Net foreign exchange gain	2,439	73	853	2,186
Depreciation of property, plant and equipment	(900)	(870)	(1,726)	(1,720)
Amortisation of intangible assets	(303)	(275)	(688)	(641)
Amortisation of leases	-	(7)	(1)	(15)

B9. TAXATION

	3 months period ended		6 months period ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
<u>Current tax</u>				
Current financial quarter/period	919	22	1,636	1,034
Over accrual in prior financial quarter/period	(11)	(19)	(11)	(19)
	908	3	1,625	1,015
<u>Deferred tax</u>				
Current financial quarter/period	51	(5)	34	(10)
Tax expense/(income)	959	(2)	1,659	1,005

The Group's effective tax rate for the current and previous financial quarter and period under review was higher than the statutory tax rate of 25% due to certain expenses which were not deductible for tax purposes and non-recognition of deferred tax assets on the losses recorded by certain subsidiaries.

B10. STATUS OF CORPORATE PROPOSALS

- (a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 (“PN17”) of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of the Listing Requirements, such as consolidated shareholders’ equity of 25% or less of the issued and paid up share capital, a default in payment by the Group, the auditors having expressed an adverse or disclaimer opinion on the Company’s latest audited accounts, etc.

As an affected listed issuer, the Company is required pursuant to paragraph 4.1 of the PN17 of the Listing Requirements to announce details of the regularisation plan. Since November 2012, the Company has submitted applications to Bursa Malaysia Securities Berhad (“Bursa Securities”) for extension of time to submit a regularisation plan as it is still in the midst of formulating the said plan.

Bursa Securities has granted extension of time with the last extension up to 31 January 2015 for the Company to submit a regularisation plan, subject to the Requisite Announcement being made by 31 December 2014.

On 30 December 2014, the Company announced to undertake a regularisation plan involving the following (“Proposed Regularisation Plan”):

- (i) proposed settlement of all obligations and liabilities of PT MAA General Assurance (“PT MAAG”) and subsequent proposed divestment/dissolution of the company;
- (ii) proposed subscription of additional equity interest in an associated company, Columbus Capital Pty Ltd (“CCAU”) which will effectively increase the Group’s equity interest in CCAU from 47.95% to 55% (“Proposed Subscription”);
- (iii) application to Bank Negara Malaysia (“BNM”) as a Financial Holding Company and subsequent proposed splitting of the composite license of MAA Takaful Berhad (“MAA Takaful”) into two (2) separate entities (“Proposed Reorganisation”).

On 23 March 2015, Bursa Securities has granted a further extension of time of up to 30 June 2015 for the Company to submit a regularisation plan.

On 12 June 2015, the Company submitted an application for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements to Bursa Securities.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B10. STATUS OF CORPORATE PROPOSALS (continued)

- (a) On 3 August 2015, the Company announced that the Company is currently revising the Proposed Regularisation Plan due to the following reasons:
- (i) as announced by the Company on 16 June 2015, BNM has vide its letter dated 15 June 2015 stated that it has no objection in principle for the Company and Zurich Insurance Company Ltd (“Zurich”) to commence negotiations for the proposal disposal of 75% equity interest held in MAA Takaful (“Proposed Disposal”). The Company has since commenced negotiations with Zurich on the Proposed Disposal, and is putting on hold the Proposed Reorganisation under the Proposed Regularisation Plan; and
 - (ii) the Company has decided to put on hold the Proposed Subscription due to the performance of CCAU for the past five (5) quarters was below expectations.

On 4 August 2015, the Company announced that Bursa Securities has, vide its letter dated 4 August 2015, granted a further extension of time of up to 31 December for the Company to submit a regularisation plan to the regulatory authorities (“Extension of Time”).

The Extension of Time is without prejudice to Bursa Securities’ right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

- (i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 31 December 2015;
- (ii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of the Company on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company’s right to appeal against the delisting.

- (b) On 20 May 2015, MAA Corporate Advisory Services Sdn Bhd (“MAACA’), a wholly owned subsidiary of MAA Corporation Sdn Bhd, who in turn a wholly owned subsidiary of the Company, disposed its entire equity interest held in a dormant subsidiary, MAACA Corporate Services Sdn Bhd (“MAACACS”) that has ceased operations for a total cash consideration of RM10, arrived at on a willing-buyer and willing-seller basis after taking into considerations the net assets of MAACACS as at 30 April 2015 of RM10.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B10. STATUS OF CORPORATE PROPOSALS (continued)

- (c) On 16 June 2015, the Company announced that BNM had via its letter dated 15 June 2015 stated that it has no objection in principle for the Company and Zurich to commence negotiations for the proposal disposal of 75% equity interest held in MAA Takaful (“Proposed Disposal”). The Company and Zurich would be required to obtain the prior approval of the Minister of Finance, with the recommendation of the BNM, pursuant to the Islamic Financial Services Act 2013, before entering into any agreement to effect the Proposed Disposal.

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

B11. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group and the Company as at the reporting date.

B12. DIVIDEND

On 2 April 2015, the Board of Directors declared a first interim dividend of 3 sen per ordinary share under the single-tier dividend system in respect of the financial year ending 31 December 2015. The interim dividend was paid on 30 April 2015 to depositors registered in the record of depositors as at 17 April 2015.

B13. EARNINGS PER SHARE

	3 months period ended		6 months period ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
<u>Attributable to the Owners of the Company:</u>				
Net (loss)/profit for the financial quarter/period (RM'000)				
- Continuing operations	(235)	(1,225)	586	1,363
- Discontinued operations	(8)	(1)	(8)	(1)
	(243)	(1,226)	578	1,362
Weighted average number of ordinary shares in issue ('000)	302,295	304,354	302,295	304,354
Basic (loss)/earnings per share (sen)				
- Continuing operations	(0.07)	(0.40)	0.20	0.45
- Discontinued operations	-	-	-	-
	(0.07)	(0.40)	0.20	0.45

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 JUNE 2015

B14. AUDITOR' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2014 was not qualified.

B15. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Securities.

	As at 30.6.2015	As at 31.12.2014
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	94,201	109,455
- Unrealised	4,992	(78)
	99,193	109,377
Total share of accumulated profits/(losses) from associates		
- Realised	(1,289)	(6,131)
- Unrealised	4,182	8,283
	2,893	2,152
	102,086	111,529
Add: Consolidation adjustments	3,337	2,316
Total Group retained earnings as per statement of financial position	105,423	113,845

The disclosure of realised and unrealised profits/(losses) above is solely for complying with the directive issued by Bursa Securities and should not be used for any other purposes.

By Order of the Board

Lily Yin Kam May
Yeo Took Keat
Company Secretaries

KUALA LUMPUR
DATE: 28 August 2015