

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 SEPTEMBER 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 September 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 September 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 September 2015.

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

A6. DEBT AND EQUITY SECURITIES

During the current financial quarter and period ended 30 September 2015, the Company has repurchased a total 7,179,800 and 9,498,300 ordinary shares of its issued ordinary shares respectively from the open market at an average price of RM0.70 per share. The total consideration paid for the share buy-back including transaction costs during the current financial quarter and period ended 30 September 2015 amounted to RM5,072,466 and RM6,630,467 respectively 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 September 2015, the total number of treasury shares held was 11,523,500 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 September 2015.

A7. DIVIDEND PAID

As at 30 September 2015, 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 SEPTEMBER 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 | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | <u>Discontinued</u> RM'000 | RM'000 | <u>Continuing</u> RM'000 | <u>Discontinued</u> RM'000 | RM'000 |
| <u>3 months period ended</u> | | | | | | | | | | |
| <u>30 September 2015</u> | | | | | | | | | | |
| External revenue | 44 | 89 | 74,087 | 59,668 | 1,017 | 78 | 2,292 | 2,394 | - | 139,669 |
| Profit/(loss) by segments | (2,533) | 4,398 | (1,452) | (1,554) | 816 | (152) | (6,209) | 127 | - | (6,559) |
| Tax income attributable to participants | - | - | 1,452 | 632 | - | - | - | - | - | 2,084 |
| | (2,533) | 4,398 | - | (922) | 816 | (152) | (6,209) | 127 | - | (4,475) |
| Share of profit of associates not included in reportable segments | | | | | | | | | | 3,071 |
| Loss before taxation ^(*) | | | | | | | | | | <u>(1,404)</u> |

(*) consist of loss before taxation from:

| | |
|----------------|----------------|
| | RM'000 |
| - Continuing | (1,252) |
| - Discontinued | (152) |
| | <u>(1,404)</u> |

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | <u>Discontinued</u> RM'000 | RM'000 | <u>Continuing</u> RM'000 | <u>Discontinued</u> RM'000 | RM'000 |
| 9 months period ended 30 September 2015 | | | | | | | | | | |
| External revenue | 133 | 256 | 216,079 | 196,600 | 2,910 | 361 | 7,177 | 6,176 | - | 429,692 |
| Profit/(loss) by segments | (805) | 5,621 | 1,909 | (1,845) | 4,336 | (1,226) | (11,223) | 2,741 | (8) | (500) |
| Tax expenses attributable to participants | - | - | (1,358) | (640) | - | - | - | - | - | (1,998) |
| | (805) | 5,621 | 551 | (2,485) | 4,336 | (1,226) | (11,223) | 2,741 | (8) | (2,498) |
| Share of profit of associates not included in reportable segments | | | | | | | | | | 3,812 |
| Profit before taxation ^(*) | | | | | | | | | | <u>1,314</u> |

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

| | |
|----------------|--------------|
| | RM'000 |
| - Continuing | 2,548 |
| - Discontinued | (1,234) |
| | <u>1,314</u> |

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | <u>Discontinued</u> RM'000 | RM'000 | <u>Continuing</u> RM'000 | <u>Discontinued</u> RM'000 | RM'000 |
| <u>3 months period ended 30 September 2014</u> | | | | | | | | | | |
| External revenue | 50 | 90 | 84,914 | 96,883 | 1,039 | 68 | 2,492 | 2,302 | 2 | 187,840 |
| Profit/(loss) by segments | 611 | (525) | 640 | (2,158) | 630 | (1,352) | 9,491 | (7,119) | 13,070 | 13,288 |
| Tax expenses attributable to participants | - | - | (640) | (24) | - | - | - | - | - | (664) |
| | 611 | (525) | - | (2,182) | 630 | (1,352) | 9,491 | (7,119) | 13,070 | 12,624 |
| Share of profit of associates not included in reportable segments | | | | | | | | | | 266 |
| Profit before taxation ^(*) | | | | | | | | | | <u>12,890</u> |

^(*) consist of profit before taxation from:

| | |
|----------------|---------------|
| | RM'000 |
| - Continuing | 1,172 |
| - Discontinued | 11,718 |
| | <u>12,890</u> |

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | <u>Discontinued</u> RM'000 | RM'000 | <u>Continuing</u> RM'000 | <u>Discontinued</u> RM'000 | RM'000 |
| <u>9 months period ended 30 September 2014</u> | | | | | | | | | | |
| External revenue | 241 | 359 | 207,243 | 299,118 | 2,857 | 183 | 8,058 | 6,073 | 4 | 524,136 |
| Profit/(loss) by segments | 10,496 | (1,843) | 1,717 | (3,177) | (3,589) | (2,716) | 6,123 | (1,252) | 13,069 | 18,828 |
| Tax expenses attributable to participants | - | - | (1,717) | (1,933) | - | - | - | - | - | (3,650) |
| | 10,496 | (1,843) | - | (5,110) | (3,589) | (2,716) | 6,123 | (1,252) | 13,069 | 15,178 |
| Share of profit of associates not included in reportable segments | | | | | | | | | | 606 |
| Profit before taxation ^(*) | | | | | | | | | | 15,784 |

^(*) consist of profit before taxation from:

| | |
|----------------|---------------|
| | RM'000 |
| - Continuing | 5,431 |
| - Discontinued | 10,353 |
| | <u>15,784</u> |

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

A9. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the financial period ended 30 September 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 September 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. During the financial quarter ended 30 September 2015, the Group has revalued one of its investment properties and the gain arising from changes in fair values of the said investment property has been recognised in the income statement.

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 30.9.2015 | As at 31.12.2014 |
|----------------------------------|------------------------|-------------------------|
| | RM'000 | RM'000 |
| Performance bonds and guarantees | 26,576 | 25,950 |

A14. CAPITAL COMMITMENTS

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

| | As at 30.9.2015 |
|--------------------------------|------------------------|
| | RM'000 |
| Authorised and contracted for: | |
| - Office renovation | 299 |

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

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

**A15. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (UNAUDITED)
AS AT 30 SEPTEMBER 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 | 15,860 | 34 | - | - | - | 15,894 |
| Investment properties | 18,936 | - | - | - | - | 18,936 |
| Intangible assets | 3,093 | - | - | - | - | 3,093 |
| Associates | 68,305 | - | - | - | - | 68,305 |
| Deferred tax assets | - | - | - | 3,973 | 988 | 4,961 |
| Tax recoverable | 387 | 37 | - | 1,565 | - | 1,989 |
| Reinsurance/retakaful assets | - | 978 | - | 259,872 | 14,960 | 275,810 |
| Investments | 86,256 | 1,447 | - | 83,607 | 396,585 | 567,895 |
| Financial assets at fair value through profit or loss | 5,408 | - | - | - | 329,636 | 335,044 |
| Available-for-sale financial assets | 48,465 | 1,447 | - | 63,373 | 41,502 | 154,787 |
| Held-to-maturity financial assets | - | - | - | 15,199 | 25,446 | 40,645 |
| Loans and receivables | 32,383 | - | - | 5,035 | 1 | 37,419 |
| Insurance/takaful receivables | - | 63,395 | - | 65,546 | 4,322 | 133,263 |
| Trade and other receivables | 40,654 | 101 | - | 4,431 | 1,421 | 46,607 |
| Cash and cash equivalents | 268,336 | 1,725 | - | 72,720 | 41,431 | 384,212 |
| Assets classified as held for sale | 6,104 | - | - | - | - | 6,104 |
| Total assets | 507,931 | 67,717 | - | 491,714 | 459,707 | 1,527,069 |
| Equity, policyholders' funds and liabilities | | | | | | |
| Liabilities | | | | | | |
| Insurance/takaful contract liabilities | - | 28,545 | - | 373,982 | 449,124 | 851,651 |
| Deferred tax liabilities | 851 | - | - | - | - | 851 |
| Insurance/takaful payables | - | 97,025 | - | 100,747 | 4,626 | 202,398 |
| Trade and other payables | 35,208 | 268 | - | 9,554 | 7,749 | 52,779 |
| Current tax liabilities | 2,300 | 21 | - | - | 170 | 2,491 |
| Liabilities directly associated with assets classified as held for sale | 995 | - | - | - | - | 995 |
| Total liabilities | 39,354 | 125,859 | - | 484,283 | 461,669 | 1,111,165 |
| Equity, policyholders' funds and liabilities | | | | | | |
| Share capital | 304,354 | - | - | - | - | 304,354 |
| Treasury shares | (7,942) | - | - | - | - | (7,942) |
| Retained earnings/(accumulated losses) | 117,738 | - | - | - | (13,833) | 103,905 |
| Reserves | (4,348) | - | - | - | - | (4,348) |
| Total equity attributable to the owners of the Company | 409,802 | - | - | - | (13,833) | 395,969 |
| Non-controlling interests | 19,935 | - | - | - | - | 19,935 |
| Total equity | 429,737 | - | - | - | (13,833) | 415,904 |
| Total equity, policyholders' funds and liabilities | | | | | | |
| | 469,091 | 125,859 | - | 484,283 | 447,836 | 1,527,069 |
| Inter-fund balances | 38,840 | (58,142) | - | 7,431 | 11,871 | - |

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

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

**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 | 16,519 | 133 | - | 216,079 | 196,600 | - | 429,331 |
| Gross earned premiums/contributions | - | 1 | - | 212,025 | 187,513 | - | 399,539 |
| Premiums/contributions ceded to reinsurers/retakaful operators | - | - | - | (136,389) | (10,257) | - | (146,646) |
| Net earned premiums/contributions | - | 1 | - | 75,636 | 177,256 | - | 252,893 |
| Investment income | 10,230 | 132 | - | 4,054 | 9,087 | - | 23,503 |
| Realised gains and losses – net | (4,490) | - | - | (188) | 5,815 | - | 1,137 |
| Fair value gains and losses - net | 2,629 | - | - | - | (4,861) | - | (2,232) |
| Fee and commission income | - | - | - | 30,706 | - | - | 30,706 |
| Other operating revenue from non-insurance businesses | 6,289 | - | - | - | - | - | 6,289 |
| Other operating income/(expenses) - net | 21,448 | (377) | - | (299) | (13,077) | - | 7,695 |
| Surplus sharing from General takaful | 1,399 | - | - | - | - | (1,399) | - |
| Surplus sharing from Family takaful | 7,516 | - | - | - | - | (7,516) | - |
| Wakalah fee from takaful business | 112,533 | - | - | - | - | (112,533) | - |
| Other revenue | 157,554 | (245) | - | 34,273 | (3,036) | (121,448) | 67,098 |
| Gross benefits and claims paid | - | (6,456) | - | (81,066) | (124,793) | - | (212,315) |
| Claims ceded to reinsurers/retakaful operators | - | 2,991 | - | 56,120 | 8,585 | - | 67,696 |
| Gross change to contract liabilities | - | 11,225 | - | (7,264) | 1,425 | - | 5,386 |
| Change in contract liabilities ceded to reinsurers/retakaful operators | - | (7,049) | - | (15,232) | 1,033 | - | (21,248) |
| Net insurance/takaful benefits and claims | - | 711 | - | (47,442) | (113,750) | - | (160,481) |
| Fee and commission expense | (73,890) | - | - | - | - | - | (73,890) |
| Management expenses | (82,189) | (1,272) | - | (2,925) | 1,500 | - | (84,886) |
| Expenses liabilities | - | - | - | - | - | - | - |
| Surplus sharing with Shareholders' fund | - | - | - | (1,399) | (7,516) | 8,915 | - |
| Wakalah fee payable to Shareholders' fund | - | - | - | (56,234) | (56,299) | 112,533 | - |
| Other expenses | (156,079) | (1,272) | - | (60,558) | (62,315) | 121,448 | (158,776) |
| Share of profit of associates, net of tax | 3,812 | - | - | - | - | - | 3,812 |
| Profit/(loss) before taxation | 5,287 | (805) | - | 1,909 | (1,845) | - | 4,546 |
| Tax expenses attributable to participants | - | - | - | (1,358) | (640) | - | (1,998) |
| Profit/(loss) before taxation for Shareholders' fund and General fund | 5,287 | (805) | - | 551 | (2,485) | - | 2,548 |
| Taxation | (2,405) | - | - | (1,358) | (640) | - | (4,403) |
| Tax expenses attributable to participants | - | - | - | 1,358 | 640 | - | 1,998 |
| Tax expenses attributable to Shareholders' fund | (2,405) | - | - | - | - | - | (2,405) |
| Profit /(loss) for the financial period | 2,882 | (805) | - | 551 | (2,485) | - | 143 |

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

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

Discontinued Operations

| | Shareholders ' fund | Total |
|---|------------------------|----------------|
| | RM'000 | RM'000 |
| Operating revenue | 361 | 361 |
| Investment income | 111 | 111 |
| Other operating revenue from non- insurance businesses | 250 | 250 |
| Other revenue | 361 | 361 |
| Management expenses | (1,595) | (1,595) |
| Other expenses | (1,595) | (1,595) |
| Loss before taxation | (1,234) | (1,234) |
| Taxation | - | - |
| Loss for the financial period | (1,234) | (1,234) |

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

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

**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 | 17,294 | 241 | 53 | 207,243 | 299,118 | - | 523,949 |
| Gross earned premiums/contributions | - | 106 | - | 204,515 | 289,020 | - | 493,641 |
| Premiums/contributions ceded to reinsurers/retakaful operators | - | (10) | - | (161,660) | (5,881) | - | (167,551) |
| Net earned premiums/contributions | - | 96 | - | 42,855 | 283,139 | - | 326,090 |
| Investment income | 11,017 | 135 | 53 | 2,728 | 10,098 | - | 24,031 |
| Realised gains and losses – net | 615 | 56 | - | (65) | 15,897 | - | 16,503 |
| Fair value gains and losses - net | 244 | - | (389) | - | (2,839) | - | (2,984) |
| Fee and commission income | - | - | - | 34,498 | - | - | 34,498 |
| Other operating revenue from non-insurance businesses | 6,277 | - | - | - | - | - | 6,277 |
| Other operating income/(expenses) - net | 14,601 | 12,109 | 276 | - | (11,052) | - | 15,934 |
| Surplus sharing from General takaful | 2,110 | - | - | - | - | (2,110) | - |
| Surplus sharing from Family takaful | 6,971 | - | - | - | - | (6,971) | - |
| Wakalah fee from takaful business | 111,217 | - | - | - | - | (111,217) | - |
| Other revenue | 153,052 | 12,300 | (60) | 37,161 | 12,104 | (120,298) | 94,259 |
| Gross benefits and claims paid | - | (43,103) | - | (54,946) | (132,390) | - | (230,439) |
| Claims ceded to reinsurers/retakaful operators | - | 48,787 | - | 39,778 | 3,800 | - | 92,365 |
| Gross change to contract liabilities | - | 32,914 | 489 | (53,569) | (96,787) | - | (116,953) |
| Change in contract liabilities ceded to reinsurers/retakaful operators | - | (29,053) | - | 44,047 | (4,621) | - | 10,373 |
| Net insurance/takaful benefits and claims | - | 9,545 | 489 | (24,690) | (229,998) | - | (244,654) |
| Fee and commission expense | (75,546) | - | - | - | - | - | (75,546) |
| Management expenses | (76,184) | (11,445) | (220) | (1,733) | - | - | (89,582) |
| Expenses liabilities | (1,775) | - | - | - | - | - | (1,775) |
| Surplus sharing with Shareholders' fund | - | - | - | (2,110) | (6,971) | 9,081 | - |
| Wakalah fee payable to Shareholders' fund | - | - | - | (49,766) | (61,451) | 111,217 | - |
| Finance cost | (317) | - | - | - | - | - | (317) |
| Other expenses | (153,822) | (11,445) | (220) | (53,609) | (68,422) | 120,298 | (167,220) |
| Share of profit of associates, net of tax | 606 | - | - | - | - | - | 606 |
| (Loss)/profit before taxation | (164) | 10,496 | 209 | 1,717 | (3,177) | - | 9,081 |
| Tax expenses attributable to participants | - | - | - | (1,717) | (1,933) | - | (3,650) |
| (Loss)/profit before taxation for Shareholders' fund and General fund | (164) | 10,496 | 209 | - | (5,110) | - | 5,431 |
| Taxation | (2,603) | - | - | (1,717) | (1,933) | - | (6,253) |
| Tax expenses attributable to participants | - | - | - | 1,717 | 1,933 | - | 3,650 |
| Tax expenses attributable to Shareholders' fund | (2,603) | - | - | - | - | - | (2,603) |
| (Loss)/profit for the financial period | (2,767) | 10,496 | 209 | - | (5,110) | - | 2,828 |

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

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

**A15. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**Discontinued Operations

| | Shareholders ' fund | Total |
|---|------------------------|----------------|
| | RM'000 | RM'000 |
| Operating revenue | 187 | 187 |
| Investment income | 113 | 113 |
| Realised gains and losses | (25) | (25) |
| Other operating revenue from non- insurance businesses | 74 | 74 |
| Other operating income - net | 12,501 | 12,501 |
| Other revenue | 12,663 | 12,663 |
| Management expenses | (2,310) | (2,310) |
| Other expenses | (2,310) | (2,310) |
| Profit before taxation | 10,353 | 10,353 |
| Taxation | (1) | (1) |
| Profit for the financial period | 10,352 | 10,352 |

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 September 2015 represent MAACA Corporate Services Sdn Bhd, a subsidiary company disposed during the year and MAA Cards Sdn Bhd, a subsidiary company where the Group had signed a conditional Share Sale Agreement for the proposed disposal of the company as disclosed in note B10(b) and note B10(d) respectively of this report.

To conform to the current financial year's presentation of financial statements, the preceding financial period's results of these subsidiary companies have been reclassified from continuing operations to discontinued operations for comparative purposes.

Current financial quarter ended 30 September 2015 ("3Q-2015") against preceding year's corresponding financial quarter ended 30 September 2014 ("3Q-2014")

Operating revenue

The Group recorded a decrease of 25.7% in total operating revenue to RM139.7 million for 3Q-2015 under review (3Q-2014: RM187.8 million), of which the continuing operations recorded RM139.6 million (3Q-2014: RM187.8 million) and the discontinued operations recorded RM78,000 (3Q-2014: RM70,000).

Under the conventional insurance business, the General Insurance Division comprised wholly of the Indonesia operations recorded a nil gross earned premiums (3Q-2014: gross earned premium of RM7,000) due to run-off effects of the said operations that has commenced in 2013.

Under the takaful business, the General Takaful Division recorded a decrease in total gross earned contributions by 13.5% to RM72.5 million (3Q-2014: RM83.8 million), mainly from personal accident classes of business, whilst the Family Takaful Division registered a 39.1% decrease in total gross earned contributions to RM56.9 million (3Q-2014: RM93.4 million), affected by the decline from single contribution investment-linked products.

The Shareholders' fund recorded total operating revenue of RM5.4 million (3Q-2014: RM5.9 million), of which the continuing operations recorded RM5.3 million (3Q-2014: RM5.8 million) and the discontinued operations recorded RM78,000 (3Q-2014: RM70,000).

Profit / loss before taxation

The Group recorded a loss before taxation ("LBT") of RM1.5 million for 3Q-2015 (3Q-2014: profit before taxation ("PBT") of RM12.9 million), of which the continuing operations recorded a LBT of RM1.3 million (3Q-2014: PBT of RM1.2 million) and the discontinued operations recorded a LBT of RM0.2 million (3Q-2014: PBT of RM11.7 million).

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

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2015 ("3Q-2015") against preceding year's corresponding financial quarter ended 30 September 2014 ("3Q-2014") (continued)

Profit / loss before taxation (continued)

Under the conventional insurance business, the General Insurance Division recorded a LBT of RM2.5 million (3Q-2014: PBT of RM0.6 million). The loss in 3Q-2015 arose mainly from unrealised foreign exchange loss due to depreciation of Indonesia Rupiah currency against US Dollar for certain US Dollar claim liabilities. The profit in 3Q-2014 mainly consists of an income of RM1.3 million from claim liabilities waived via hair-cut negotiations.

Under the takaful business, the General Takaful Division recorded a deficit of RM2.8 million (3Q-2014: surplus of RM0.8 million) transferred to the Shareholders' fund, mainly affected by higher net takaful benefits and claims, wakalah fee payable to Shareholders' fund and impairment allowance for takaful receivables. The Family Takaful Division recorded a surplus of RM4.1 million (3Q-2014: surplus of RM4.5 million) transferred to the Shareholders' fund from the investment-linked takaful risk fund and a deficit of RM0.9 million (3Q-2014: deficit of RM2.2 million) from the non-investment-linked takaful risk fund.

The Shareholders' Fund recorded a lower PBT of RM3.1 million in 3Q-2015 (3Q-2014: PBT of RM15.8 million), of which the continuing operations recorded a PBT of RM3.3 million (3Q-2014: RM4.1 million), after taking into account the deficit transfer of RM2.8 million (3Q-2014: surplus of RM0.8 million) from the General Takaful fund and a surplus of RM4.1 million (3Q-2014: surplus of RM4.5 million) from the Family Takaful fund whilst the discontinued operations recorded a LBT of RM0.2 million (3Q-2014: PBT of RM11.7 million). The lower PBT in 3Q-2015 was due mainly to realised loss from investments and higher management expenses from the takaful business. The higher PBT in 3Q-2014 was mainly contributed by a profit of RM12.5 million from a write back of over-provision of Zurich's Counterclaims pursuant to the second settlement agreement entered into with Zurich.

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

Operating revenue

The Group recorded a decrease of 18% in total operating revenue to RM429.7 million for FP2015 under review (FP2014: RM524.1 million), of which the continuing operations recorded RM429.3 million (FP2014: RM523.9 million) and the discontinued operations recorded RM0.4 million (FP2014: RM0.2 million).

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: RM106,000) due to run-off effects of the said operations that has commenced in 2013.

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

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

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

Operating revenue (continued)

Under the takaful business, the General Takaful Division recorded an increase in total gross earned contributions by 3.7% to RM212.0 million (FP2014: RM204.5 million), mainly growth from motor and miscellaneous classes of business, whilst the Family Takaful Division registered a 35.1% decrease in total gross earned contributions to RM187.5 million (FP2014: RM289.0 million), affected by the decline from single contribution investment-linked products.

The Shareholders' fund recorded total operating revenue of RM16.9 million (FP2014: RM17.5 million), of which the continuing operations recorded RM16.5 million (FP2014: RM17.3 million) and the discontinued operations recorded RM0.4 million (FP2014: RM0.2 million).

Profit / loss before taxation

The Group recorded a lower PBT of RM1.3 million for FP2015 (FP2014: PBT of RM15.8 million), of which the continuing operations recorded a PBT of RM2.5 million (FP2014: PBT of RM5.4 million) and the discontinued operations recorded a LBT of RM1.2 million (FP2014: PBT of RM10.4 million).

Under the conventional insurance business, the General Insurance Division recorded a LBT of RM0.8 million (FP2014: PBT of RM10.5 million). The loss in FP2015 arose mainly from unrealised foreign exchange loss due to depreciation of Indonesia Rupiah currency against US Dollar for certain US Dollar claim liabilities, offset partially by an income of RM2.5 million from claim liabilities waived via hair-cut negotiations. The profit in FP2014 mainly from an income of RM12.3 million from claim liabilities waived via hair-cut negotiations.

Under the takaful business, the General Takaful Division recorded a lower surplus of RM1.4 million (FP2014: RM2.1 million) transferred to the Shareholders' fund, mainly affected by higher net takaful benefits and claims, wakalah fee payable to Shareholders' fund and impairment allowance for takaful receivables. The Family Takaful Division recorded a surplus of RM7.5 million (FP2014: surplus of RM7.0 million) transferred to the Shareholders' fund from the investment-linked takaful risk fund and a deficit of RM2.5 million (FP2014: deficit of RM5.1 million) from the non-investment-linked takaful risk fund.

The Shareholders' Fund recorded a lower PBT of RM4.1 million (FP2014: PBT of RM10.2 million), of which the continuing operations recorded a PBT of RM5.3 million (FP2014: LBT of RM0.2 million), after taking into account the surplus transfer of RM1.4 million (FP2014: RM2.1 million) from the General Takaful fund and RM7.5 million (FP2014: RM7.0 million) from the Family Takaful fund and the discontinued operations recorded a LBT of RM1.2 million (FP2014: PBT of RM10.4 million). The lower PBT in FP2015 was due mainly to realised loss from investments and higher management expenses from takaful business; nevertheless the loss was partly offset by higher share of profit of associates. The higher PBT in FP 2014 was mainly contributed by a profit of RM12.5 million from a write back of over-provision of Zurich's Counterclaims pursuant to the second settlement agreement entered into with Zurich.

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

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (3Q-2015) AGAINST THE PRECEDING QUARTER (2Q-2015)

In 3Q-2015, the Group registered a LBT of RM1.5 million (2Q-2015: PBT of RM0.2 million). The loss recorded in 3Q-2015 was mainly affected by realised and fair value loss from investments, higher fee and commission expenses coupled with higher management expenses from takaful business.

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 process of preparing a regularisation plan that takes cognisance of the effects of the proposed disposal of MAA Takaful for submission to Bursa Securities.

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 | | 9 months period ended | |
|--------------------------------|-----------------------|-----------|-----------------------|-----------|
| | 30.9.2015 | 30.9.2014 | 30.9.2015 | 30.9.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing Operations</u> | | | | |
| Interest income | 6,964 | 7,189 | 21,466 | 20,490 |
| Dividend income | 946 | 1,274 | 2,639 | 4,123 |
| Rental income | 19 | 29 | 45 | 99 |
| Amortisation of premium | (105) | (267) | (647) | (681) |
| | 7,824 | 8,225 | 23,503 | 24,031 |
| <u>Discontinued Operations</u> | | | | |
| Interest income | 38 | 39 | 111 | 113 |

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

B6. REALISED GAINS AND LOSSES – NET

| | 3 months period ended | | 9 months period ended | |
|---|-----------------------|-----------|-----------------------|-----------|
| | 30.9.2015 | 30.9.2014 | 30.9.2015 | 30.9.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing Operations</u> | | | | |
| Gains/(loss) on disposal of: | | | | |
| - Investments | (5,622) | 6,593 | 1,194 | 16,445 |
| - Property, plant and equipment | 9 | (70) | (57) | 58 |
| | (5,613) | 6,523 | 1,137 | 16,503 |
| <u>Discontinued Operations</u> | | | | |
| Loss on disposal of property, plant and equipment | - | - | - | (25) |

B7. FAIR VALUE GAINS AND LOSSES – NET

| | 3 months period ended | | 9 months period ended | |
|--------------------------------|-----------------------|-----------|-----------------------|-----------|
| | 30.9.2015 | 30.9.2014 | 30.9.2015 | 30.9.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing Operations</u> | | | | |
| Net fair value gains/(losses): | | | | |
| - investment properties | 1,289 | - | 1,289 | - |
| - investments | (9,523) | (7,201) | (3,521) | (2,984) |
| | (8,234) | (7,201) | (2,232) | (2,984) |

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 | | 9 months period ended | |
|---|-----------------------|-----------|-----------------------|-----------|
| | 30.9.2015 | 30.9.2014 | 30.9.2015 | 30.9.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing Operations</u> | | | | |
| Property, plant and equipment written off (Allowance for)/write back of impairment loss on: | - | (293) | - | (293) |
| - trade and other receivables | 48 | 345 | 21 | 443 |
| - insurance/takaful receivables | (3,338) | (10,162) | (1,425) | (11,681) |
| - loans from leasing, hire purchase and others receivables | 2 | 62 | 86 | 2,330 |
| Bad debts recovered | 14 | 23 | 50 | 68 |
| Income from claim liabilities waived | 96 | 1,301 | 2,525 | 12,266 |
| Net foreign exchange gain/(loss) | 652 | (1,905) | 1,505 | 281 |
| Depreciation of property, plant and equipment | (768) | (829) | (2,487) | (2,539) |
| Amortisation of intangible assets | (422) | (292) | (1,098) | (921) |
| Amortisation of leases | (1) | (9) | (2) | (24) |
| <u>Discontinued Operations</u> | | | | |
| Write back of Zurich's counterclaims | - | 12,500 | - | 12,500 |
| Depreciation of property, plant and equipment | (3) | (3) | (10) | (13) |
| Amortisation of intangible assets | (6) | (6) | (18) | (18) |

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

B9. TAXATION

| | 3 months period ended | | 9 months period ended | |
|--|-----------------------|-----------|-----------------------|-----------|
| | 30.9.2015 | 30.9.2014 | 30.9.2015 | 30.9.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing Operations</u> | | | | |
| <u>Current tax</u> | | | | |
| Current financial quarter/period | 791 | 1,461 | 2,427 | 2,495 |
| Under/(over) accrual in prior financial quarter/period | - | 137 | (11) | 118 |
| | 791 | 1,598 | 2,416 | 2,613 |
| <u>Deferred tax</u> | | | | |
| Current financial quarter/period | (45) | - | (11) | (10) |
| Tax expense | 746 | 1,598 | 2,405 | 2,603 |
| <u>Discontinued Operations</u> | | | | |
| <u>Current tax</u> | | | | |
| Current financial quarter/period | - | 1 | - | 1 |
| Tax expense | - | 1 | - | 1 |

The Group's effective tax rate for the current 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, while the Group's effective tax rate for the previous financial quarter and period under review was lower than the statutory tax rate of 25% due mainly to certain income/gain not subject to tax.

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.

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.

On 1 September 2015, 1 October 2015 and 2 November 2015, the Company announced that it is still in the midst of formulating the regularisation plan for submission to Bursa Securities for approval.

(b) On 20 May 2015, MAA Corporate Advisory Services Sdn Bhd (“MAACA”), a wholly owned subsidiary of MAA Corporation Sdn Bhd (“MAA Corp”), 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.

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.
- (d) On 8 September 2015, MAA Corp and ePROTEA ("the Purchaser") had entered into a conditional Share Sale Agreement ("SSA") for the proposed disposal of the entire issued share capital of MAA Cards Sdn Bhd ("MAA Cards") ("Sale Shares"). The completion of the SSA is inter alia, conditional upon the parties' obtaining all necessary consents, approvals or clearance from the regulatory authorities for the acquisition of the Sale Shares by the Purchaser. Subject to fulfillment of the conditions precedent under the SSA and upon completion of the Proposed Disposal, MAA Cards will cease to be a subsidiary of the Company. The total consideration for the Sale Shares shall be the aggregate of RM1,000,000 and the amount equivalent to the final net current asset of MAA Cards on completion date.

The Proposed Disposal has not been completed pending the approval of BNM.

- (e) On 14 September 2015, the Company announced that PT MAA General Assurance ("PT MAAG"), a subsidiary of MAA International Assurance Ltd has received a letter dated 10 September 2015 from Otoritas Jasa Keuangan ("OJK"), the Indonesia Financial Services Authority, informing PT MAAG that's its operating license has been revoked with effect from 3 September 2015. OJK performs its regulatory and supervisory duties over financial services activities including insurance activities in Indonesia. Based on the terms and conditions contained in the said letter, PT MAAG is required to appoint a liquidator or form a liquidation team within 30 days from the date of the revocation letter. PT MAAG has submitted an application to OJK to seek extension of time till end of November 2015 to appoint a liquidator.

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.

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

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.

On 7 September 2015, the Board of Directors declared a second interim gross dividend of 3 sen per share totaling RM8,786,000 under the single-tier dividend system in respect of the financial year ending 31 December 2015. The second interim dividend was paid on 9 October 2015 to depositors registered in the record of depositors as at 28 September 2015.

B13. EARNINGS PER SHARE

| | 3 months period ended | | 9 months period ended | |
|---|-----------------------|-----------|-----------------------|-----------|
| | 30.9.2015 | 30.9.2014 | 30.9.2015 | 30.9.2014 |
| <u>Attributable to the Owners of the Company:</u> | | | | |
| Net (loss)/profit for the financial quarter/period (RM'000) | | | | |
| - Continuing operations | (1,366) | (1,750) | 294 | 977 |
| - Discontinued operations | (152) | 11,717 | (1,234) | 10,352 |
| | (1,518) | 9,967 | (940) | 11,329 |
| Weighted average number of ordinary shares in issue ('000) | 301,698 | 304,354 | 300,612 | 304,354 |
| Basic (loss)/earnings per share (sen) | | | | |
| - Continuing operations | (0.45) | (0.57) | 0.10 | 0.32 |
| - Discontinued operations | (0.05) | 3.85 | (0.41) | 3.40 |
| | (0.50) | 3.28 | (0.31) | 3.72 |

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.

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

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 30.9.2015 | As at 31.12.2014 |
|---|----------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Total retained earnings of the Group: | | |
| - Realised | 87,999 | 109,455 |
| - Unrealised | 6,159 | (78) |
| | 94,158 | 109,377 |
| Total share of accumulated profits/(losses) from associates | | |
| - Realised | 1,990 | (6,131) |
| - Unrealised | 3,974 | 8,283 |
| | 5,964 | 2,152 |
| | 100,122 | 111,529 |
| Add: Consolidation adjustments | 3,783 | 2,316 |
| Total Group retained earnings as per statement of financial position | 103,905 | 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: 24 November 2015