

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

**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 as set out in MFRS 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ("MASB"), paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the requirements of Companies Act 2016.

These unaudited Interim Reports should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017. 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 2017.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted by the Group in these Interim Reports are consistent with those adopted in the Group's audited financial statements for the financial year ended 31 December 2017.

The following standards, amendments to MFRSs and annual improvements to MFRSs that are effective from financial year beginning on or after 1 January 2018 have been adopted by the Group:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Amendments to MFRS 140 'Clarification on 'Change in Use' Assets transferred to, or from, Investment Properties'
- IC interpretation 22 'Foreign Currency Transactions and Advance Consideration'

The adoption of the above did not have any significant financial impact to the current financial year's consolidated financial statements of the Group upon their initial application, except as mentioned below:

MFRS 9 'Financial Instruments'

MFRS 9 replaces the provision of MFRS 139 'Financial Instruments: Recognition and Measurement'. The adoption of MFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in fair value in other comprehensive income (provided the instrument is not held for trading). A debt instrument is measured at AC only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

MFRS 9 retains most of the MFRS 139 requirements for classification and measurement of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified at FVTPL, the fair value changes due to own credit risk should be recognised directly to other comprehensive income. There is no subsequent recycling to profit or loss.
- When a financial liability measured at AC is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model under MFRS 9 requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at AC, debt instruments measured at FVOCI, contract assets under MFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts.

MFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosure about its financial instruments particularly in the year of the adoption of the new standard.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

Based on the assessment conducted, the Group's financial assets as at 1 January 2018 are reclassified to the following classifications:

Group's Financial Assets	Notes	MFRS 139		MFRS 9	
		Classification	Carrying amount as at 31.12.2017	Classification	Carrying amount as at 1.1.2018
			RM'000		RM'000
Investments in Government debt securities	(a)	AFS	49,065	AC FVOCI	11,361 39,424
Investments in Corporate debt securities	(b)	AFS	49,016	AC FVOCI	46,626 3,988
Investments in Equity securities	(c)	FVTPL AFS	17,267 112,667	FVTPL FVOCI	105,981 23,953
Investments in Unit trusts	(d)	FVTPL	2,043	FVTPL	2,043
Loans and receivables, including fixed and call deposits with licensed banks with maturity of more than 3 months		LAR	105,497	AC	105,439
Reinsurance assets		LAR	34,943	AC	34,943
Insurance receivables		LAR	44,322	AC	43,921
Trade and other receivables		LAR	97,591	AC	97,591
Cash and cash equivalents, including fixed and call deposits with licensed banks with maturity of 3 months or less		LAR	141,226	AC	141,153
Total			653,637		656,423

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

- (a) The Group's certain investments in government debt securities classified at AFS under MFRS 139 with carrying amount of RM9,641,000 as at 31 December 2017 that are held to collect contractual cash flows have been reclassified to AC under MFRS 9 and their fair value of RM1,732,000 were deemed to be the starting amortised cost for these investments as at 1 January 2018 with no impact to retained earnings from the reclassification. For other government debt securities with carrying amount of RM39,424,000 reclassified from AFS under MFRS 139 to FVOCI as elected under MFRS 9, the related fair value loss of RM1,110,000 was transferred from AFS reserve to FVOCI reserve on 1 January 2018.
- (b) The Group's certain investments in corporate debt securities classified at AFS under MFRS 139 with carrying amount of RM45,028,000 as at 31 December 2017 that are held to collect contractual cash flows have been reclassified to AC under MFRS 9 and their fair value of RM1,998,000 were deemed to be the starting amortised cost for these investments as at 1 January 2018 with no impact to retained earnings from the reclassification. For other corporate debt securities with carrying amount of RM3,988,000 reclassified from AFS under MFRS 139 to FVOCI as elected under MFRS 9, the related fair value loss of RM84,000 was transferred from AFS reserve to FVOCI reserve on 1 January 2018.
- (c) The Group has equity investments classified at FVTPL and AFS under MFRS 139 with carrying amount of RM17,267,000 and RM112,667,000 respectively as at 31 December 2017. Equity investments previously measured at FVTPL continued to be measured on the same basis under MFRS 9. Certain equity investments with carrying amount of RM88,714,000 as at 31 December 2017 were reclassified from AFS to FVTPL under MFRS 9 and the related fair value gain of RM13,833,000 was transferred from the AFS reserve to retained earnings on 1 January 2018. For other equity investments with carrying amount of RM23,953,000 as at 31 December 2017 reclassified at AFS under MFRS 139, these were reclassified to FVOCI as elected under MFRS 9 with the related fair value gain of RM1,135,000 transferred from AFS reserve to FVOCI reserve on 1 January 2018. The measurement of these equity investments classified at FVOCI are not affected; however the gains or losses realised from the sale of these equity investments will no longer be transferred to profit or loss on sale, but instead will be reclassified from the FVOCI reserve to retained earnings.
- (d) The Group's unit trust investments classified at FVTPL under MFRS 139 continued to be measured on the same basis under MFRS 9.

There is no impact on the Group's accounting for financial liabilities as MFRS 9 requirements only affect the accounting for financial liabilities that are designated at FVTPL, the Group does not have such liabilities.

The new hedge accounting rules under MFRS 9 will not affect the Group as it does not have hedge instruments.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table reconciles the carrying amounts of the Group's financial assets under MFRS 139 to the carrying amounts under MFRS 9 on the transition to MFRS 9 on 1 January 2018:

Group's Financial Assets	MFRS 139	As at 1.1.2018		MFRS 9
	Carrying amount as at 31.12.2017	Reclassification	Remeasurement	Carrying amount as at 1.1.2018
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Closing balance at 31.12.2017	19,310			
Reclassification from AFS financial assets		88,714		
Opening balance at 1.1.2018				108,024
Financial assets at FVOCI				
Closing balance at 31.12.2017	-			
Reclassification from AFS financial assets		67,365		
Opening balance at 1.1.2018				67,365
Financial assets at AC				
Closing balance at 31.12.2017	-			
Reclassification from AFS financial assets		58,399		
Recognition of ECL			(412)	
Opening balance at 1.1.2018				57,987
AFS financial assets				
Closing balance at 31.12.2017	210,748			
Reclassification to:				
- Financial assets at FVTPL		(88,714)		
- Financial assets at FVOCI		(67,365)		
- Financial assets at AC		(54,669)		
Opening balance at 1.1.2018				-
Loans and receivables				
Closing balance at 31.12.2017	105,497			
Recognition of ECL			(58)	
Opening balance at 1.1.2018				105,439
Reinsurance assets				
	34,943			34,943

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table reconciles the carrying amounts of the Group's financial assets under MFRS 139 to the carrying amounts under MFRS 9 on the transition to MFRS 9 on 1 January 2018: (continued)

Group's Financial Assets	MFRS 139	As at 1.1.2018		MFRS 9
	Carrying amount as at 31.12.2017	Reclassification	Remeasurement	Carrying amount as at 1.1.2018
	RM'000	RM'000	RM'000	RM'000
Insurance receivables				
Closing balance at 31.12.2017	44,322			
Recognition of ECL			(401)	
Opening balance at 1.1.2018				43,921
Trade and other receivables	97,591			97,591
Cash and cash equivalents				
Closing balance at 31.12.2017	141,226			
Recognition of ECL			(73)	
Opening balance at 1.1.2018				141,153
Total	653,637	3,730	(944)	656,423

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table reconciles:

- The closing allowance for impairment loss for financial assets in accordance with MFRS 139 as at 31 December 2017; to
- The opening allowance for impairment loss determined using ECL method in accordance with MFRS 9 as at 1 January 2018.

	MFRS 139		MRFS 9
	Allowance for impairment Loss as at 31.12.2017		Remeasurement
	RM'000	RM'000	RM'000
Investments in :			
- Government debt securities at AC	-	12	12
- Government debt securities at FVOCI	-	43	43
- Corporate debt securities at AC	-	400	400
- Corporate debt securities at FVOCI	-	20	20
Fixed and call deposits with licensed banks	-	58	58
Insurance receivables	1,770	401	2,171
Cash and bank balances	-	73	73
Total	1,770	1,007	2,777

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table shows the impact of transition to MFRS 9 on the opening fair value reserve and retained earnings:

	Effect on AFS reserves	Effect on FVOCI reserves	Effect on Retained earnings
	RM'000	RM'000	RM'000
Opening balance – MFRS 139	10,044	-	259,140
Reclassify financial assets at AFS to FVTPL	(13,833)	-	13,833
Reclassify financial assets at AFS to AC	3,730	-	-
Reclassify financial assets at AFS to FVOCI	59	(59)	-
Increase in allowance for impairment loss:			
- financial assets at FVOCI	-	63	(63)
- financial assets at AC	-	-	(412)
- loans and receivables	-	-	(58)
- insurance receivables	-	-	(401)
- cash and cash equivalents	-	-	(73)
	(10,044)	4	12,826
Opening balance – MFRS 9	-	4	271,966

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

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'
- Amendments to MFRS 9 'Prepayment features with negative compensation'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 'Insurance Contracts' replaces MFRS 4 'Insurance Contracts'

The Group will assess the application of MFRS 16 and MFRS 17 before the effective date and will make disclosure of the estimated significant financial effect if any.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A3. SEASONAL OR CYCLICAL FACTORS

The Group's business operations were not significantly affected by any seasonal or cyclical factors in the current financial quarter and period ended 30 September 2018.

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 2018.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have material effect in the current financial quarter and period ended 30 September 2018.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 30 September 2018.

A7. DIVIDEND PAID

For the current financial period ended 30 September 2018, the Company paid 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 2018 totaling RM8,205,533 on 25 April 2018.

For the previous financial period ended 30 September 2017, the Company paid a first interim dividend of 6 sen per ordinary share under the single-tier dividend system in respect of the financial year ended 31 December 2017 totaling RM16,411,065 on 31 March 2017.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A8. SEGMENTAL INFORMATION

The following summary describes the operations in each of the Group's operating segments for the current financial quarter and period ended 30 September 2018:

- Investment holdings
- Education services
- Retail mortgage lending business
- General insurance business

The Group's other segments comprise of hire purchase, leasing and other credit facilities, property management and consultancy services.

3 months period ended 30 September 2018

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,737	1,170	-	41,332	32	45,271
Net earned premiums	-	-	-	27,729	-	27,729
Investment income	2,678	-	-	1,902	28	4,608
Realised gains and losses – net	438	-	-	273	-	711
Fair value gains and losses – net	(6,535)	-	-	191	33	(6,311)
Commission income	-	-	-	695	-	695
Other operating revenue from non-insurance businesses	59	1,170	-	-	4	1,233
Other operating income –net	1,211	133	-	16	741	2,101
Net claims incurred	-	-	-	(12,445)	-	(12,445)
Commission expenses	-	-	-	(9,892)	-	(9,892)
Management expenses	(5,133)	(1,019)	-	(4,730)	(650)	(11,532)
Finance costs	-	-	-	(2)	-	(2)
(Loss)/profit before taxation before share of profit of associates	(7,282)	284	-	3,737	156	(3,105)
Share of profit of associates	-	-	1,242	-	-	1,242
(Loss)/profit before taxation	(7,282)	284	1,242	3,737	156	(1,863)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A8. SEGMENTAL INFORMATION (continued)

9 months period ended 30 September 2018

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	7,156	3,136	-	114,891	79	125,262
Net earned premiums	-	-	-	77,789	-	77,789
Investment income	6,978	-	-	5,403	63	12,444
Realised gains and losses – net	945	-	-	1,223	-	2,168
Fair value gains and losses – net	(14,909)	-	-	(6,394)	67	(21,236)
Commission income	-	-	-	1,829	-	1,829
Other operating revenue from non-insurance businesses	178	3,136	-	-	16	3,330
Other operating income -net	2,132	137	-	61	734	3,064
Net claims incurred	-	-	-	(32,912)	-	(32,912)
Commission expenses	-	-	-	(27,598)	-	(27,598)
Management expenses	(16,755)	(2,916)	-	(13,041)	(1,770)	(34,482)
Finance costs	-	-	-	(7)	-	(7)
(Loss)/profit before taxation before share of profit of associates	(21,431)	357	-	6,353	(890)	(15,611)
Share of profit of associates	-	-	2,922	-	-	2,922
(Loss)/profit before taxation	(21,431)	357	2,922	6,353	(890)	(12,689)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A8. SEGMENTAL INFORMATION (continued)

3 months period ended 30 September 2017 (restated)

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,600	1,519	-	38,170	21	42,310
Net earned premiums	-	-	-	24,990	-	24,990
Investment income	2,545	1	-	1,701	15	4,262
Realised gains and losses – net	(8)	-	-	485	(1)	476
Fair value gains and losses – net	(164)	-	-	-	23	(141)
Commission income	-	-	-	704	-	704
Other operating revenue from non-insurance businesses	55	1,518	-	-	6	1,579
Other operating income/(expenses)-net	961	(168)	-	13	4	810
Net claims incurred	-	-	-	(12,477)	-	(12,477)
Commission expenses	-	-	-	(8,921)	-	(8,921)
Management expenses	(6,027)	(1,433)	-	(5,265)	(368)	(13,093)
Finance costs	-	-	-	(4)	-	(4)
(Loss)/profit before taxation before share of profit of associates	(2,638)	(82)	-	1,226	(321)	(1,815)
Share of profit of associates	-	-	1,864	-	-	1,864
(Loss)/profit before taxation	(2,638)	(82)	1,864	1,226	(321)	49

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A8. SEGMENTAL INFORMATION (continued)

9 months period ended 30 September 2017 (restated)

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	8,610	4,370	-	63,291	73	76,344
Net earned premiums	-	-	-	42,152	-	42,152
Investment income	8,446	1	-	2,782	42	11,271
Realised gains and losses – net	(10)	-	-	1,330	-	1,320
Fair value gains and losses – net	(8,089)	-	-	-	11	(8,078)
Commission income	-	-	-	1,208	-	1,208
Other operating revenue from non-insurance businesses	164	4,369	-	-	31	4,564
Other operating income/(expenses)-net	32,570	(163)	-	371	66	32,844
Net claims incurred	-	-	-	(22,800)	-	(22,800)
Commission expenses	-	-	-	(14,787)	-	(14,787)
Management expenses	(16,578)	(4,130)	-	(8,068)	(987)	(29,763)
Finance costs	-	-	-	(6)	-	(6)
Profit/(loss) before taxation before share of profit of associates	16,503	77	-	2,182	(837)	17,925
Share of profit of associates	-	-	3,733	1,486	-	5,219
Profit/(loss) before taxation	16,503	77	3,733	3,668	(837)	23,144

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

A9. MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the current financial period ended 30 September 2018 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 29 August 2018, MAAX Venture Sdn Bhd became a wholly-owned subsidiary of the Group as stated in note B11(c) of this report; and
- (b) On 30 August 2018, MAA International Corporation Ltd ceased to be a subsidiary of the Group as stated in note B11(d) of this report.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the current financial quarter and period ended 30 September 2018. As at 30 September 2018, the Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group were carried at revalued amount at the financial year ended 31 December 2017, except that the Group has revalued certain investment properties during the financial period ended 30 September 2018 and the fair value changes therein have been recognised in the income statement.

A13. CONTINGENCIES

There were no contingent assets and liabilities as at the end of the financial period ended 30 September 2018.

A14. CAPITAL COMMITMENTS

There were no significant capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 30 September 2018.

A15. RELATED PARTY DISCLOSURES

All related party transactions within the Group had been entered in the normal course of business in accordance with the Shareholders' mandate procured on 5 June 2018 under Chapter 10 of the MMLR of Bursa Securities and were carried out on normal commercial terms.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

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

B1. REVIEW OF GROUP PERFORMANCE

Current financial quarter ended 30 September 2018 ("3Q-2018") against preceding year's corresponding financial quarter ended 30 September 2017 ("3Q-2017")

Group

	3Q-2018	3Q-2017 (Restated)
	RM'000	RM'000
Operating revenue	45,271	42,310
(Loss)/profit before taxation	(1,863)	49

In 3Q-2018 under review, the Group recorded a higher total operating revenue of RM45.3 million (3Q-2017: RM42.3 million), mainly comprised of gross earned premiums of RM39.4 million (3Q-2017: RM36.5 million) contributed by the General Insurance business held via subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP").

The Group recorded a Loss before taxation ("LBT") of RM1.9 million (3Q-2017: Profit before taxation ("PBT") of RM49,000) in 3Q-2018. The General Insurance business contributed a PBT of RM3.7 million (3Q-2017: RM1.2 million) while the Retail Mortgage Lending business contributed a share of profit after taxation of RM1.2 million (3Q-2017: RM1.9 million) and a PBT of RM284,000 (3Q-2017: LBT of RM82,000) from the Education Services segment. However these profits were offset by a LBT of RM7.3 million (3Q-2017: LBT of RM2.6 million) from the Investment Holdings segment. The said loss was mainly due to a net fair value loss of RM6.3 million on financial assets classified at FVTPL caused by the bearish Asian equity markets.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2018 ("3Q-2018") against preceding year's corresponding financial quarter ended 30 September 2017 ("3Q-2017") (continued)

Investment Holdings

Key financial performance	3Q-2018	3Q-2017 (Restated)
	RM'000	RM'000
Operating revenue	2,737	2,600
Loss before taxation	(7,282)	(2,638)

Total operating revenue of the Investment Holdings segment increased by 5.3% to RM2.7 million (3Q-2017: RM2.6 million) due mainly to higher dividend income of RM0.9 million (3Q-2017: nil) recorded in 3Q-2018.

In 3Q-2018, the Investment Holdings segment recorded a higher LBT of RM7.3 million (3Q-2017: RM2.6 million) mainly due to a net fair value loss of RM6.5 million on financial assets classified at FVTPL caused by the Asian equity market downturn; offset by the net realised gains of RM0.4 million on financial assets classified at FVTPL and an adjustment of RM0.6 million to reduce the present value charge to the balance disposal consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful Berhad which is payable to the Company on 30 June 2019.

Education Services

Key financial performance	3Q-2018	3Q-2017
	RM'000	RM'000
Operating revenue	1,170	1,519
Profit/(loss) before taxation	284	(82)

Total operating revenue of the Education Services segment consists of tuition fee income recorded a 23.0% decrease to RM1.2 million (3Q-2017: RM1.5 million) in 3Q-2018 due mainly to reduction in students enrollment.

Notwithstanding this, the Education Services segment turnaround to record a PBT of RM284,000 (3Q-2017: LBT of RM82,000) in 3Q-2018 mainly contributed by higher margin earned from PT3 and SPM seminar and revision classes held coupled with the receipt of final capital distribution of RM83,000 from ex-subsidiaries upon the completion of the shareholders' voluntary winding up.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2018 ("3Q-2018") against preceding year's corresponding financial quarter ended 30 September 2017 ("3Q-2017") (continued)

Retail Mortgage Lending

The Group's Retail Mortgage Lending business operating in Australia is held via 48% associated company Columbus Capital Pty Limited ("CCA").

Key financial performance	3Q-2018		3Q-2017	
	AUD'000	RM'000	AUD'000	RM'000
Operating revenue	41,672	124,649	28,415	95,852
Profit before taxation	1,233	3,692	1,643	5,541
Group's share of profit after taxation	414	1,242	551	1,864
Range of currency exchange rate	1 RM = 0.3340 to 0.3343 AUD		1 RM = 0.2956 to 0.2965 AUD	

CCA's operating revenue consists of loan interest and fee income. In 3Q-2018, the operating revenue grew to AUD41.7 million, a 46.7% increase compared to 3Q-2017 of AUD28.4 million, on the back of higher assets under management from AUD2.32 billion as at 30 September 2017 to AUD3.37 billion as at 30 September 2018.

Nevertheless, CCA recorded a lower PBT from AUD1.6 million in 3Q-2017 to AUD1.2 million in 3Q-2018 affected mainly by higher funding costs and operating expenses particularly staff costs due to the increase in staff levels that commensurate with the growth in business volume.

In 3Q-2018, CCA has contributed a share of profit after taxation of AUD414,000 (3Q-2017: AUD551,000).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2018 ("3Q-2018") against preceding year's corresponding financial quarter ended 30 September 2017 ("3Q-2017") (continued)

General Insurance

Key financial performance	3Q-2018		3Q-2017 (Restated)	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	520,650	39,768	472,372	39,620
Underwriting surplus	79,796	6,087	51,756	4,295
Investment income	24,897	1,902	20,291	1,701
Claim ratio in %	44.8%	44.8%	49.7%	49.7%
Commission ratio in %	32.6%	32.6%	30.3%	30.3%
Profit before taxation	49,268	3,737	15,167	1,226
Range of currency exchange rate	1 RM = 13.03 to 13.24 PHP		1 RM= 11.77 to 12.17 PHP	

GPW grew by 10.2% from PHP472.4 million in 3Q-2017 to PHP520.7 million in 3Q-2018, driven mainly by 16.6% increase in the production of non-motor classes of business. Motor and non-motor businesses contributed 37% (3Q-2017: 40%) and 67% (3Q-2017: 60%) respectively of the total GPW in 3Q-2018.

MAAGAP registered a higher PBT of PHP49.3 million in 3Q-2018 compared to PHP15.2 million in 3Q-2017. The higher profit was attributed by the higher underwriting surplus amounting to PHP79.8 million (3Q-2017: PHP51.8 million) with the improved claim ratio of 44.8% (3Q-2017: 49.7%) from all the classes of business except motor and higher investment income of PHP24.9 million (3Q-2017: PHP20.3 million).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2018 ("FPE2018") against preceding year's corresponding financial period ended 30 September 2017 ("FPE2017")

Group

	FPE2018	FPE2017 (Restated)
	RM'000	RM'000
Operating revenue	125,262	76,344
(Loss)/profit before taxation	(12,689)	23,144

In FPE2018 under review, the Group recorded a higher total operating revenue of RM125.3 million (FPE2017: RM76.3 million), mainly comprised of gross earned premiums of RM109.5 million (FPE2017: RM60.5 million from 19 April 2017, the effective date as a subsidiary) contributed by the General Insurance business.

The General Insurance business contributed a PBT of RM6.4 million (FPE2017: RM3.7 million) while the Retail Mortgage Lending business and the Education Services segment contributed PBT of RM2.9 million and RM357,000 respectively. However these profits were offset by the LBT of RM21.4 million recorded by the Investment Holdings segment caused mainly by the net fair value loss of RM13.7 million on financial assets classified at FVTPL and the fair value loss of RM1.2 million on investment properties which outweighed the adjustment of RM2.4 million to reduce the present value charge to the Retained Consideration.

The profit in FPE2017 was mainly contributed by an other income of RM20.0 million from settlement with other receivables, reserve arising from business combination of RM10.0 million related to MAAGAP and the adjustment of RM1.8 million to reduce the present value charge to the Retained Consideration.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2018 (“FPE2018”) against preceding year’s corresponding financial period ended 30 September 2017 (“FPE2017”) (continued)

Investment Holdings

Key financial performance	FPE2018	FPE2017 (Restated)
	RM’000	RM’000
Operating revenue	7,156	8,610
(Loss)/profit before taxation	(21,431)	16,503
Assets	446,226	489,593
Liabilities	9,463	8,676

Total operating revenue of the Investment Holdings segment decreased by 16.9% to RM7.2 million (FPE2017: RM8.6 million) due mainly to lower interest income of RM5.6 million (FPE2017: RM7.2 million) in FPE2018.

In FPE2018, the Investment Holdings segment recorded a LBT of RM21.4 million (FPE2017: PBT of RM16.5 million) mainly caused by the net fair value loss of RM13.7 million on financial assets classified at FVTPL and the fair value loss of RM1.2 million on investment properties; offset by the adjustment of RM2.4 million to reduce the present value charge to the Retained Consideration.

The profit in FPE2017 was mainly contributed by an other income of RM20.0 million from settlement with other receivables, reserve of RM10.0 million from business combination related to MAAGAP and the adjustment of RM1.8 million to reduce the present value charge to the Retained Consideration.

As at 30 September 2018, the Investment Holdings segment’s assets were lower at RM446.3 million compared to RM489.6 million as at 30 September 2017 due mainly to interim dividends totaling RM16.4 million paid on 23 October 2017 and 25 April 2018 and the recorded net fair value loss of RM13.7 million on financial assets classified at FVTPL and the fair value loss of RM1.2 million on investment properties during FPE2018.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2018 ("FPE2018") against preceding year's corresponding financial period ended 30 September 2017 ("FPE2017") (continued)

Education Services

Key financial performance	FPE2018	FPE2017
	RM'000	RM'000
Operating revenue	3,136	4,370
Profit before taxation	357	77
Assets	736	1,399
Liabilities	172	384

Total operating revenue of the Education Services segment consists of tuition fee income recorded a 28.2% decrease to RM3.1 million (FPE2017: RM4.4 million) in FPE2018 due mainly to the reduction in students enrollment.

Nevertheless, the Education Services segment recorded a higher PBT of RM357,000 (FPE2017: RM77,000) in FPE2018 mainly contributed by improved margin resulted from leaner cost structure and the receipt of final capital distribution of RM83,000 from ex-subsidiaries upon the completion of the shareholders' voluntary winding up.

As at 30 September 2018, the Education Services segment's assets and liabilities were lower at RM736,000 and RM172,000 respectively, subsequent to the writing off of renovation and fixtures from the closure and consolidation of tuition centres together with the deconsolidation of inactive subsidiaries under shareholders' voluntary winding up undertaken in August 2017.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2018 ("FPE2018") against preceding year's corresponding financial period ended 30 September 2017 ("FPE2017") (continued)

Retail Mortgage Lending

Key financial performance	FPE2018		FPE2017	
	AUD'000	RM'000	AUD'000	RM'000
Operating revenue	112,889	340,699	75,287	250,916
Profit before taxation	3,128	9,449	3,440	11,452
Group's share of profit after taxation	967	2,922	1,120	3,733
Currency exchange rate	1 RM = 0.3309 to 0.3313 AUD		1 RM = 0.3000 to 0.3004 AUD	

CCA's operating revenue consists of loan interest and fee income. In FPE2018, the operating revenue grew to AUD112.9 million, a 49.9% increase compared to FPE2017 of AUD75.3 million, on the back of higher assets under management from AUD2.32 billion as at 30 September 2017 to AUD3.37 billion as at 30 September 2018.

CCA recorded a slightly lower PBT from AUD3.4 million in FPE2017 to AUD3.1 million in FPE2018, driven mainly by the higher funding costs and operating expenses.

In FPE2018, CCA has contributed a share of profit after taxation of AUD967,000 (FPE2017: AUD1,120,000).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2018 (“FPE2018”) against preceding year’s corresponding financial period ended 30 September 2017 (“FPE2017”) (continued)

General Insurance

Key financial performance	FPE2018		FPE2017 (Restated)	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written (“GPW”)	1,504,572	114,432	1,397,169	120,685
Underwriting surplus	251,274	19,108	176,795	15,288
Investment income	71,021	5,403	55,373	4,768
Claim ratio in %	42.3%	42.3%	49.0%	49.0%
Commission ratio in %	32.3%	32.3%	28.0%	28.0%
Profit before taxation	82,115	6,353	88,476	7,661
Assets	3,898,991	298,257	3,549,148	291,172
Liabilities	2,798,391	214,065	2,527,229	207,719
Range of currency exchange rate	1 RM = 12.32 to 13.52 PHP		1 RM= 11.07 to 12.17 PHP	
MAAGAP’s profit contribution to the Group in 2017				
- as an associated company from 1 January 2017 to 18 April 2017			16,881	1,486
- as a subsidiary effective from 19 April 2017 till period end			26,257	2,182
			<u>43,138</u>	<u>3,668</u>

In FPE2018, GPW grew 7.7% from PHP1,397.2 million in FPE2017 to PHP1,504.6 million. Motor classes recorded a marginal decrease in GPW of 1.1% to PHP578.1 million (FPE2017: PHP584.3 million); whilst non-motor classes registered a 14.0% increase in GPW to PHP926.5 million (FPE2017: PHP812.9 million). Motor and non-motor businesses contributed 38% (FPE2017: 42%) and 62% (FPE2017: 58%) respectively of the total GPW in FPE2018.

MAAGAP registered a lower PBT of PHP82.1 million in FPE2018, a 7.2% decrease over PHP88.5 million in FPE2017. Despite of the premium growth, higher underwriting surplus contributed by the improved claim ratio and investment income, the lower profit in FPE2018 was mainly caused by the net fair value loss of PHP85.3 million (approximately RM6.4 million) on financial assets classified at FVTPL due to the decline in the Philippines stock market.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2018 ("FPE2018") against preceding year's corresponding financial period ended 30 September 2017 ("FPE2017") (continued)

General Insurance (continued)

MAAGAP's total assets grew by 9.9% from PHP3,549.1 million as at 30 September 2017 to PHP3,899.0 million as at 30 September 2018 mainly contributed by 4.5% increase in financial investments to PHP2,106.9 million (30 September 2017: PHP2,016.0 million) and 13.0% increase in insurance receivables to PHP636.1 million (30 September 2017: PHP562.8 million) which was in line with the company's premium growth. Total liabilities increased by 10.7% to PHP2,798.4 million as at 30 September 2018 from PHP2,527.3 million as at 30 September 2017 mainly from the increase in insurance payable.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (3Q-2018) AGAINST THE PRECEDING FINANCIAL QUARTER (2Q-2018)

In 3Q-2018, the Group recorded a LBT of RM1.9 million (2Q-2018: PBT of RM370,000). The loss in 3Q-2018 arose mainly from the net fair value loss on financial assets classified at FVTPL totaling RM6.3 million (2Q-2018: RM0.5 million).

B3. PROSPECTS

The Group's General Insurance business in the Philippines continues its growth momentum with 42.1% increase in underwriting surplus during the first nine (9) months of 2018 over last year corresponding period. However fair value losses from financial assets classified at FVTPL has eroded the profitability of the business. Downside local and global risks such as rising inflation, continued rapid credit growth, higher US interest rates and US Dollar, volatile capital flows and the trade tensions between US and China have caused the sharp decline in the Philippines stock market in recent months. These adverse economic factors will continue to impact the Philippines stock market for the remaining of 2018. The performance of the General Insurance business for the remaining of 2018 will be affected by the stock market performance in the Philippines.

Notwithstanding the growth in mortgage assets under management and operating revenue during the first nine (9) months of 2018, the Retail Mortgage Lending business of the Group continues to experience net interest margin pressure caused by rates war from major banks and other non-bank financial institutions in Australia and rising funding cost. Towards this, the Retail Mortgage Lending business will continue its efforts to balance and achieve the right mortgage portfolio mix to reduce the interest margin pressure.

The Group's Education Services business turn around in third quarter 2018 with the PT3 and SPM seminars and revision classes held to record a small profit before tax of RM357,000 for the 9 months ended 30 September 2018. Nevertheless the Group foresees the Education Services business may record a loss for the year ending 31 December 2018 in view that the fourth quarter is a low season with national school yearend holidays. Nevertheless, the Group's Education Services business will continue its marketing initiatives to improve student enrollment for 2019 intake and looking into plans to expand its tuition offerings next year.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B3. PROSPECTS (continued)

On the Investment Holdings side, the Company will continue exploring investment opportunities with reasonable pricing and long-term sustainable profits to address the PN17 status. On 30 October 2018, the Company has obtained the approval of Bursa Securities for an extension of time up to 30 April 2019 to submit a regularisation plan. Further announcement on the development of this will be made in due course.

In light of the prospects of the operating segments of the Group mentioned above, the Board foresees the remaining of 2018 to be challenging for the Group.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B5. INVESTMENT INCOME

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	122	120	256	187
Financial assets at FVTPL				
Dividend income				
- Equity securities quoted in Malaysia	148	-	192	-
- Equity securities quoted outside Malaysia	902	-	1,691	-
	1,050	-	1,883	-
Financial assets at FVOCI				
Dividend income				
- Equity securities quoted outside Malaysia	427	-	945	-
Interest income				
- Government debt securities quoted outside Malaysia	484	-	1,295	-
- Corporate debt securities quoted outside Malaysia	45	-	135	-
- Corporate debt securities unquoted inside Malaysia	-	-	309	-
	956	-	2,684	-
Financial assets at AC				
Interest income				
- Government debt securities quoted outside Malaysia	96	-	284	-
- Corporate debt securities quoted outside Malaysia	654	-	1,732	-
	750	-	2,016	-
AFS financial assets				
Dividend income				
- Equity securities quoted outside Malaysia	-	527	-	884
- Equity securities unquoted outside Malaysia	-	-	-	1,087
Interest income				
- Government debt securities quoted outside Malaysia	-	582	-	925
- Corporate debt securities unquoted inside Malaysia	-	-	-	119
- Corporate debt securities quoted outside Malaysia	-	550	-	890
	-	1,659	-	3,905

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B5. INVESTMENT INCOME (continued)

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Loans and receivables				
Interest income				
- Other loans	-	-	1	-
Fixed and call deposit interest income	1,730	2,483	5,604	7,179
	4,608	4,262	12,444	11,271

B6. REALISED GAINS AND LOSSES – NET

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) from disposal of property, plant and equipment	-	(8)	-	45
Financial assets at FVTPL				
Net realised gains				
- Equity securities quoted in Malaysia	323	-	635	-
- Equity securities quoted outside Malaysia	538	-	1,687	-
	861	-	2,322	-
Financial assets at FVOCI				
Net realised losses				
- Government debt securities quoted outside Malaysia	(150)	-	(154)	-
AFS financial assets				
Net realised gains/(losses)				
- Government debt securities quoted outside Malaysia	-	74	-	(182)
- Equity securities quoted outside Malaysia	-	410	-	1,457
	-	484	-	1,275
	711	476	2,168	1,320

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B7. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Fair value losses on investment properties	-	(164)	(1,210)	(8,089)
Financial assets at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	277	-	(1,733)	-
- Equity securities quoted outside Malaysia	(6,116)	-	(14,250)	-
- Equity securities unquoted outside Malaysia	(507)	-	(4,111)	-
- Unit trusts quoted in Malaysia	35	23	68	6
- Unit trusts quoted outside Malaysia	-	-	-	5
	(6,311)	23	(20,026)	11
	(6,311)	(141)	(21,236)	(8,078)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

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

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

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017 (Restated)	30.9.2018	30.9.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Write back of/(allowance for) impairment loss on:				
- loans from money lending, hire purchase and others credit activities	385	-	385	1
- insurance receivables	(25)	(635)	(41)	(676)
- other receivables	-	(79)	-	(45)
- financial assets at AC	(5)	-	(11)	-
- AFS financial assets	-	-	-	189
Bad debts recovered	-	2	2	56
Realised foreign exchange gains/(losses)	378	(636)	65	(711)
Unrealised foreign exchange gains/(losses)	594	291	(252)	(30)
Present value adjustment of Retained Consideration	648	1,841	2,383	1,841
Other income from settlement agreement with other receivables	-	-	-	20,000
Reserve from business combination	-	-	-	10,025
Gain on remeasurement of previously held equity interest in an associate	-	-	-	1,666
Depreciation of property, plant and equipment	(247)	(257)	(731)	(683)
Property, plant and equipment written off	-	(34)	(1)	(34)
Amortisation of intangible assets	(16)	(20)	(46)	(54)
Amortisation of leasehold land	-	-	(1)	(1)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B9. TAXATION

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017 (Restated)	30.9.2018	30.9.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Current tax</u>				
Current financial quarter/period	599	397	3,260	325
Over provision in prior financial quarter/period	-	(1,079)	-	(1,079)
	599	(682)	3,260	(754)
<u>Deferred tax</u>				
Current financial quarter/period	141	250	452	845
Tax expenses/(income)	740	(432)	3,712	91

Provision for taxation has been made in the current financial quarter and period under review even though the Group has recorded a loss, this is due mainly to certain expenses including the fair value losses on financial assets that are not deductible for tax purposes.

For the financial quarter and period in the previous year, the Group's effective tax rate was lower than the statutory tax rate due mainly to certain income/gains not subject to tax.

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following tables show the analysis of the different hierarchy of fair value for the Group's financial instruments recorded at fair value:

At 30 September 2018

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL:				
Unit trusts				
- Quoted in Malaysia	2,111	-	-	2,111
Equity securities				
- Quoted in Malaysia	17,587	-	-	17,587
- Quoted outside Malaysia	66,875	-	-	66,875
- Unquoted outside Malaysia	-	-	25,278	25,278
	<u>86,573</u>	<u>-</u>	<u>25,278</u>	<u>111,851</u>
Financial assets at FVOCI:				
Government debt securities				
- Quoted outside Malaysia	36,420	-	-	36,420
Corporate debt securities				
- Quoted outside Malaysia	3,514	-	-	3,514
Equity securities				
- Quoted outside Malaysia	21,600	437	-	22,037
	<u>61,534</u>	<u>437</u>	<u>-</u>	<u>61,971</u>
Total financial assets measured at fair value	<u>148,107</u>	<u>437</u>	<u>25,278</u>	<u>173,822</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following tables show the analysis of the different hierarchy of fair value for the Group's financial instruments recorded at fair value: (continued)

At 31 December 2017

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL:				
Unit trusts				
- Quoted in Malaysia	2,043	-	-	2,043
Equity securities				
- Quoted in Malaysia	7,919	-	-	7,919
- Quoted outside Malaysia	9,348	-	-	9,348
	19,310	-	-	19,310
AFS financial assets:				
Government debt securities				
- Quoted outside Malaysia	49,065	-	-	49,065
Corporate debt securities				
- Quoted outside Malaysia	49,016	-	-	49,016
Equity securities				
- Quoted outside Malaysia	83,317	268	-	83,585
- Unquoted outside Malaysia	-	-	29,082	29,082
	181,398	268	29,082	210,748
Total financial assets measured at fair value	200,708	268	29,082	230,058

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There was no transfer among Level 1, 2 and 3 during the financial period ended 30 September 2018 and financial year ended 31 December 2017.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following table show the movement in Level 3 financial instruments for the current financial period ended 30 September 2018:

	AFS financial assets RM'000	Financial assets at FVTPL RM'000
Closing balance at 31 December 2017	29,082	-
Effects of the adoption of MFRS 9:		
Reclassification financial assets at AFS to FVTPL	(29,082)	29,082
Opening balance at 1 January 2018	-	29,082
Fair value loss recorded in profit or loss	-	(4,111)
Currency translation difference	-	307
Closing balance at 30 September 2018	-	25,278

B11. CORPORATE PROPOSALS

- (a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 (“PN17”) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities 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 MMLR, 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.

Pursuant to Paragraph 8.04(3) of the MMLR, the Company is required to regularise its condition by undertaking a regularisation plan. The regularisation plan was required to be submitted to Bursa Securities on 30 September 2012, and was subsequently extended to 30 April 2019 via Bursa Securities’ letters dated 30 October 2018, 27 June 2018, 12 January 2018, 18 July 2017, 16 February 2017, 21 July 2016, 18 February 2016, 4 August 2015, 23 March 2015, 21 October 2014, 11 March 2014, 1 August 2013 and 20 December 2012.

The extension of time of up to 30 April 2019 for the Company to submit a regularisation plan 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 30 April 2019;
- (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.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B11. CORPORATE PROPOSALS (continued)

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 6th market day after 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.

In this respect, the Company is still in the midst of formulating a regularisation plan for submission to Bursa Securities for approval. Announcement of the development will be made in due course.

- (b) The Company had on 3 April 2018 and 17 April 2018 announced the proposed variations to utilisation of balance proceeds from the disposal of its entire 75% equity interest in MAA Takaful Berhad were an amount of RM71.9 million will be allocated from the initial utilisation for future investment opportunities/prospective new business to be acquired to revised utilisation for working capital, share buy-back exercise and payment of dividends to shareholders.

The proposed variations to the said utilisation of balance proceeds were approved by the Shareholders at the extraordinary general meeting ("EGM") of the Company held on 5 June 2018.

- (c) On 29 August 2018, the Board of Directors of the Company announced that its wholly-owned subsidiary, MAA Corporation Sdn Bhd ("MAA Corp") has on 29 August 2018 incorporated a company by the name of MAAX Venture Sdn Bhd ("MAAX Venture") with paid-up capital of RM2.00 consist of two (2) ordinary shares with issue price of RM1.00 each.

The intended principal activity of MAAX Venture is to carry on peer to peer ("P2P") financing business. MAAX Venture has submitted an application to Securities Commission of Malaysia ("SC") for approval to operate the P2P financing business. The said application is still being reviewed by SC.

- (d) On 30 August 2018, the Board of Directors of the Company announced that MAA International Corporation Ltd ("MAAIC") has at its Extraordinary General Meeting held on 30 August 2018, obtained approval from its shareholders to commence members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016.

Mok Chew Yin and Ong Hock An of BDO Consulting Sdn Bhd have been appointed as the liquidators to facilitate the member's voluntary winding up of MAAIC.

With the relinquishment of the Group's control and involvement in the operation and financial matters of MAAIC to the liquidators, MAAIC ceased to be a subsidiary of the Group with effect from 30 August 2018 and has been deconsolidated from the group consolidated accounts on that date.

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

(a) Disposal of MAAKL Mutual Bhd on 30 December 2013

	Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	General working capital requirements	^(N1) 53,061	53,061	No limit specified	-	-
	Total	53,061	53,061		-	

^(N1) Sale proceed net of selling expenses.

(b) Disposal of MAA Takaful Berhad on 30 September 2016

	Purpose	Revised Utilisation	Actual Utilisation	Revised timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	68,250	-	Within 24 months from the EGM held on 5 June 2018	-	-
		93,750	-	Within 24 months from the receipt of the Retained Consideration	-	-
(ii)	Working capital and share buy-back exercise	30,854	6,072	Within 24 months from the EGM held on 5 June 2018	-	-
(iii)	Payment of dividends to shareholders for the FYE 2017	8,207	8,207	Utilised	-	-
(iv)	Payment of dividends to shareholders	32,822	-	Within 24 months from the EGM held on 5 June 2018	-	-
	Total	^(N2) 233,883	14,279		-	-

^(N2) Revised utilisation of balance proceeds from the disposal of MAA Takaful Berhad as approved by the Shareholders during the EGM held on 5 June 2018.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

B13. CHANGES IN MATERIAL LITIGATION

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

B14. DIVIDEND PAYABLE

On 9 March 2018, 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 2018. This interim dividend has been paid on 25 April 2018.

Other than as stated, the Board of Director did not declare any further interim dividend for the financial year ending 31 December 2018.

The total interim dividends paid for the current financial period ended 30 September 2018 is 3 sen per ordinary share (9 months period ended 30 September 2017: 6 sen).

B15. EARNINGS PER SHARE

	3 months period ended		9 months period ended	
	30.9.2018	30.9.2017 (Restated)	30.9.2018	30.9.2017 (Restated)
<u>Attributable to the Owners of the Company:</u>				
Net (loss)/profit for the financial quarter/period (RM'000)	(2,633)	91	(16,421)	22,425
Weighted average number of ordinary shares in issue ('000)	273,518	273,518	273,518	273,518
Basic (loss)/earning per share (sen)	(0.96)	0.03	(6.00)	8.20

B16. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

By Order of the Board

Lily Yin Kam May
Company Secretary

KUALA LUMPUR
DATE: 22 November 2018