

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2018

| | 30 September 2018 | 31 December 2017 |
|--|------------------------------|-----------------------------|
| | RM'000 | (Audited) RM'000 |
| ASSETS | | |
| Property, plant and equipment | 4,294 | 4,612 |
| Investment properties | 49,102 | 49,982 |
| Intangible assets | 562 | 590 |
| Associates | 55,382 | 52,460 |
| Deferred tax assets | 157 | 667 |
| Tax recoverable | 176 | 172 |
| Investments | 303,350 | 335,555 |
| Financial assets at fair value through profit or loss ("FVTPL") | 111,851 | 19,310 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 61,971 | - |
| Financial assets at amortised costs ("AC") | 60,044 | - |
| Available-for-sale ("AFS") financial assets | - | 210,748 |
| Loans and receivables ("LAR") | 69,484 | 105,497 |
| Reinsurance assets | 37,140 | 34,943 |
| Insurance receivables | 48,660 | 44,322 |
| Deferred acquisition costs | 17,489 | 16,475 |
| Trade and other receivables ^(N1) | 97,789 | 97,591 |
| Cash and cash equivalents | 142,667 | 141,226 |
| TOTAL ASSETS | 756,768 | 778,595 |
| EQUITY AND LIABILITIES | | |
| LIABILITIES | | |
| Insurance contract liabilities | 150,045 | 150,968 |
| Deferred tax liabilities | 755 | 771 |
| Insurance payables | 11,761 | 8,656 |
| Deferred reinsurance commissions | 1,144 | 701 |
| Trade and other payables | 58,290 | 52,101 |
| Retirement benefit liability | 282 | 559 |
| Current tax liabilities | 2,120 | 2,213 |
| TOTAL LIABILITIES | 224,397 | 215,969 |
| EQUITY | | |
| Share capital | 304,354 | 304,354 |
| Retained earnings | 247,339 | 259,140 |
| Reserves | (22,642) | (4,168) |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 529,051 | 559,326 |
| Non-controlling interests ("NCI") | 3,320 | 3,300 |
| TOTAL EQUITY | 532,371 | 562,626 |
| TOTAL EQUITY AND LIABILITIES | 756,768 | 778,595 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 1.93 | 2.04 |

^(N1) Included the balance sale consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful Berhad which is payable to the Company on 30 June 2019 with a charge of RM1.6 million for present value adjustment to account for time value of money as at 30 September 2018.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

| | 3 months ended | | 9 months ended | |
|--|----------------------|------------------------------------|----------------------|------------------------------------|
| | 30 September 2018 | 30 September 2017 (Restated) | 30 September 2018 | 30 September 2017 (Restated) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating revenue | 45,271 | 42,310 | 125,262 | 76,344 |
| Gross earned premiums | 39,430 | 36,469 | 109,488 | 60,509 |
| Premiums ceded to reinsurers | (11,701) | (11,479) | (31,699) | (18,357) |
| Net earned premiums | 27,729 | 24,990 | 77,789 | 42,152 |
| Investment income | 4,608 | 4,262 | 12,444 | 11,271 |
| Realised gains and losses - net | 711 | 476 | 2,168 | 1,320 |
| Fair value gains and losses - net | (6,311) | (141) | (21,236) | (8,078) |
| Commission income | 695 | 704 | 1,829 | 1,208 |
| Other operating revenue from non-insurance businesses | 1,233 | 1,579 | 3,330 | 4,564 |
| Other operating income - net | 2,101 | 810 | 3,064 | 32,844 |
| Other revenue | 3,037 | 7,690 | 1,599 | 43,129 |
| Total revenue | 30,766 | 32,680 | 79,388 | 85,281 |
| Gross claims paid | (10,634) | (10,317) | (35,422) | (16,686) |
| Claims ceded to reinsurers | 354 | 1,524 | 4,365 | 1,815 |
| Gross change to contract liabilities | (2,257) | (12,695) | (2,963) | (17,098) |
| Change in contract liabilities ceded to reinsurers | 92 | 9,011 | 1,108 | 9,169 |
| Net claims incurred | (12,445) | (12,477) | (32,912) | (22,800) |
| Commission expense | (9,892) | (8,921) | (27,598) | (14,787) |
| Management expenses | (11,532) | (13,093) | (34,482) | (29,763) |
| Finance costs | (2) | (4) | (7) | (6) |
| Other expenses | (21,426) | (22,018) | (62,087) | (44,556) |
| Operating (loss)/profit | (3,105) | (1,815) | (15,611) | 17,925 |
| Share of profit of associates, net of tax | 1,242 | 1,864 | 2,922 | 5,219 |
| (Loss)/profit before taxation | (1,863) | 49 | (12,689) | 23,144 |
| Taxation | (740) | 432 | (3,712) | (91) |
| (Loss)/profit for the financial quarter/period | (2,603) | 481 | (16,401) | 23,053 |
| (Loss)/profit for the financial quarter/period attributable to: | | | | |
| Owners of the Company | (2,633) | 91 | (16,421) | 22,425 |
| NCI | 30 | 390 | 20 | 628 |
| | (2,603) | 481 | (16,401) | 23,053 |
| Basic (loss)/earning per ordinary share (sen) attributable to owners of the Company | (0.96) | 0.03 | (6.00) | 8.20 |

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

| | 3 months ended | | 9 months ended | |
|--|----------------------|------------------------------------|----------------------|------------------------------------|
| | 30 September 2018 | 30 September 2017 (Restated) | 30 September 2018 | 30 September 2017 (Restated) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/profit for the financial quarter/period | (2,603) | 481 | (16,401) | 23,053 |
| <u>Other comprehensive income/(loss)</u> | | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | | |
| Foreign currency translation differences | 2,494 | (13,378) | (4,567) | (16,498) |
| Changes in the fair value of FVOCI/AFS financial assets, net of tax | (1,231) | 3,631 | (3,080) | 2,593 |
| Share of fair value changes of AFS financial assets of associates | - | - | - | 526 |
| Transferred to profit or loss arising from deemed disposal of an associate | - | - | - | 728 |
| | 1,263 | (9,747) | (7,647) | (12,651) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| Changes in the fair value of financial assets at FVOCI, net of tax | (281) | - | (787) | - |
| Other comprehensive income/(loss) for the financial quarter/period, net of tax | 982 | (9,747) | (8,434) | (12,651) |
| Total comprehensive income/(loss) for the financial quarter/period | (1,621) | (9,266) | (24,835) | 10,402 |
| Total comprehensive income/(loss) for the financial quarter/period attributable to: | | | | |
| Owners of the Company | (1,651) | (9,656) | (24,855) | 9,774 |
| NCI | 30 | 390 | 20 | 628 |
| | (1,621) | (9,266) | (24,835) | 10,402 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|-------------------------------------|------------------------|--------------------------|-----------------------------|----------|-----------------|---------------|------------------------|
| | Share capital RM'000 | Foreign exchange reserves RM'000 | AFS reserves RM'000 | FVOCI reserves RM'000 | Reserves | | Total RM'000 | NCI RM'000 | Total Equity RM'000 |
| Total RM'000 | | | | | Retained earnings RM'000 | | | | |
| As at 1 January 2018 | | | | | | | | | |
| - as previously stated | 304,354 | (14,212) | 10,044 | - | (4,168) | 259,140 | 559,326 | 3,300 | 562,626 |
| - effect of change in accounting policy ^(*) | - | - | (10,044) | 4 | (10,040) | 12,826 | 2,786 | - | 2,786 |
| - restated | 304,354 | (14,212) | - | 4 | (14,208) | 271,966 | 562,112 | 3,300 | 565,412 |
| Loss for the financial period | - | - | - | - | - | (16,421) | (16,421) | 20 | (16,401) |
| Other comprehensive loss | - | (4,567) | - | (3,867) | (8,434) | - | (8,434) | - | (8,434) |
| Total comprehensive loss for the financial period | - | (4,567) | - | (3,867) | (8,434) | (16,421) | (24,855) | 20 | (24,835) |
| Interim dividend paid | - | - | - | - | - | (8,206) | (8,206) | - | (8,206) |
| As at 30 September 2018 | 304,354 | (18,779) | - | (3,863) | (22,642) | 247,339 | 529,051 | 3,320 | 532,371 |

^(*) As disclosed in Note A2 to the report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

(continued)

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|---------------------------------------|-------------------------------------|-----------------|----------|-----------------------------|-----------------|---------------|------------------------|
| | Share capital RM'000 | Capital redemption reserves RM'000 | Foreign exchange reserves RM'000 | Reserves | | Retained earnings RM'000 | Total RM'000 | NCI RM'000 | Total Equity RM'000 |
| AFS reserves RM'000 | | | | Total RM'000 | | | | | |
| As at 1 January 2017 | | | | | | | | | |
| - as previously stated | 273,518 | 30,836 | 4,029 | 3,284 | 38,149 | 240,164 | 551,831 | - | 551,831 |
| - effect of change in accounting policy (*) | - | - | - | - | - | (5,353) | (5,353) | - | (5,353) |
| - restated | 273,518 | 30,836 | 4,029 | 3,284 | 38,149 | 234,811 | 546,478 | - | 546,478 |
| Transition to non-par value regime on 31 January 2017 | 30,836 | (30,836) | - | - | (30,836) | - | - | - | - |
| Profit/(loss) for the financial period | | | | | | | | | |
| - as previously stated | - | - | - | - | - | 23,260 | 23,260 | 485 | 23,745 |
| - effect of change in accounting policy (*) | - | - | - | - | - | (835) | (835) | (247) | (1,082) |
| - restated | - | - | - | - | - | 22,425 | 22,425 | 628 | 23,053 |
| Other comprehensive (loss)/income | - | - | (16,498) | 3,847 | (12,651) | - | (12,651) | - | (12,651) |
| Total comprehensive (loss)/income for the financial period | - | - | (16,498) | 3,847 | (12,651) | 22,425 | 9,774 | 628 | 10,402 |
| Interim dividend paid | - | - | - | - | - | (16,411) | (16,411) | - | (16,411) |
| Acquisition of subsidiary with NCI | - | - | (466) | (1,819) | (2,285) | - | (2,285) | 31,766 | 29,481 |
| Transactions with NCI | - | - | - | - | - | 186 | 186 | (3,755) | (3,569) |
| As at 30 September 2017 | 304,354 | - | (12,935) | 5,312 | (7,623) | 241,011 | 537,742 | 28,639 | 566,381 |

(*) During the previous financial year ended 31 December 2017, the Group consistent with its general insurance subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP") had adopted the new valuation standards implemented in the Philippines for the measurement of unearned premium reserve ("UPR"). The new valuation standards required the UPR to be calculated based on the 24th method for all business, on a gross of reinsurance basis and for policies with a policy duration of less than one (1) year or more than one (1) year, the UPR shall consider the actual unearned premium from the date of valuation (policy inception date) to the date of termination of the policy.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

| | 9 months ended | |
|--|----------------------|------------------------------------|
| | 30 September 2018 | 30 September 2017 (Restated) |
| | RM'000 | RM'000 |
| (Loss)/profit for the financial period | (16,401) | 23,053 |
| Adjustment for: | | |
| Investment income | (12,444) | (11,271) |
| Realised gains and losses - net | (2,168) | (1,320) |
| Fair value gains and losses - net | 21,236 | 8,078 |
| Present value adjustment on Retained Consideration | (2,383) | (1,841) |
| Other income arising from settlement with other receivable | - | (20,000) |
| Reserve arising from business combination | - | (10,025) |
| Gain on remeasurement of previously held equity interest in an associate | - | (1,666) |
| Share of profit of associates | (2,922) | (5,219) |
| Tax expenses | 3,712 | 91 |
| Purchases of financial assets | (92,991) | (13,831) |
| Proceeds from disposal of financial assets | 61,038 | 2,474 |
| Depreciation of property, plant and equipment | 731 | 683 |
| Property, plant and equipment written off | 1 | 34 |
| Amortisation of leasehold land | 1 | 1 |
| Amortisation of intangible assets | 46 | 54 |
| Allowance for/(write back of) impairment loss on: | | |
| - loans from loans and receivables | (385) | (1) |
| - insurance receivables | 41 | 676 |
| - other receivables | - | 45 |
| - financial assets at AC | 10 | - |
| Realised foreign exchange loss | 245 | 711 |
| Unrealised foreign exchange loss/(gain) | 390 | (899) |
| Changes in working capital: | | |
| Decrease/(increase) in loans and receivables | 368 | (3,850) |
| Increase in reinsurance assets | (2,197) | (11,079) |
| (Increase)/decrease insurance receivables | (4,780) | 828 |
| Increase in deferred acquisition costs | (1,014) | (185) |
| Increase in trade and other receivables | (2,036) | (6,906) |
| (Decrease)/increase in insurance contract liabilities | (923) | 16,628 |
| Increase/(decrease) in insurance payables | 3,105 | (2,294) |
| Increase/(decrease) in deferred reinsurance commission | 443 | (368) |
| Increase/(decrease) in trade and other payables | 6,189 | (1,618) |
| Cash used in operating activities | (43,088) | (39,017) |
| Investment income received | 13,215 | 11,590 |
| Income tax paid | (6) | (32) |
| Income tax refund | 1 | 24 |
| Net cash used in operating activities | (29,878) | (27,435) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018
(continued)

| | 9 months ended | |
|---|----------------------|------------------------------------|
| | 30 September 2018 | 30 September 2017 (Restated) |
| | RM'000 | RM'000 |
| Investing activities: | | |
| Purchase of property, plant and equipment | (435) | (310) |
| Proceeds from disposal of property, plant and equipment | 31 | 228 |
| Addition from subsequent expenditure of investment properties | (330) | (243) |
| Purchase of intangible assets | (120) | (35) |
| Decrease/(increase) in fixed and call deposits | 35,128 | 36,465 |
| Net cash inflow from business combination | - | 17,630 |
| Net cash generated from investing activities | 34,274 | 53,735 |
| Financing activities: | | |
| Dividends paid | (8,206) | (16,411) |
| Net cash used in financing activities | (8,206) | (16,411) |
| Net (decrease)/increase in cash and cash equivalents | (3,810) | 9,889 |
| Currency translation difference | 5,251 | (5,683) |
| Cash and cash equivalents at beginning of financial year | 141,226 | 157,074 |
| Cash and cash equivalents at end of financial period | 142,667 | 161,280 |
| | - | - |
| Cash and cash equivalents comprise of: | | |
| Fixed and call deposits with licensed banks | 111,630 | 148,689 |
| Cash and bank balance | 31,037 | 12,591 |
| | 142,667 | 161,280 |

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.