

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

**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 2013. 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 2013.

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 2013, except for the adoption of the following amendments to MFRSs and Issue Committee ("IC") interpretations issued by MASB that are effective and applicable to the Group.

Effective beginning on or after 1 January 2014

- | | |
|--------------------------|---|
| • Amendments to MFRS 10 | Consolidated Financial Statements: Investment Entities |
| • Amendments to MFRS 12 | Disclosure of Interests in Other Entities: Investment Entities |
| • Amendments to MFRS 127 | Separate Financial Statements: Investment Entities |
| • Amendments to MFRS 132 | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities |
| • Amendments to MFRS 136 | Impairment of Assets – Recoverable Amount disclosures for Non-Financial Assets |
| • IC Interpretation 21 | Levies |

The adoption of the above amendments to MFRSs and IC interpretations does not have any material impact to the current financial year's financial statements of the Group.

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

Effective for financial periods beginning on or after 1 July 2014

- Amendments to MFRS 119 Defined Benefits Plans – Employees Contributions
- Annual improvements to MFRS 2010 -2012 Cycle
- Annual improvements to MFRS 2011 -2013 Cycle

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

A2. CHANGES IN ACCOUNTING POLICIES (continued)

Effective date yet to be determined by MASB

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

The Group will adopt the above MFRSs, amendments and improvements to MFRSs and IC interpretations when they become effective in the respective financial periods. These MFRSs, amendments and improvements to MFRSs and IC interpretations are not expected to have any material impact to the financial statements of the Group upon their first adoption.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operations for the current financial quarter and year ended 31 December 2014 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 year ended 31 December 2014.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have any material effect in the current financial quarter and year ended 31 December 2014.

A6. DEBT AND EQUITY SECURITIES

During the financial quarter and year ended 31 December 2014, the Company has repurchased a total 1,925,000 and 2,025,200 ordinary shares of its issued ordinary shares respectively from the open market at an average price of RM0.65 per share. The total consideration paid for the share buy-back including transaction costs during the current financial quarter and year ended 31 December 2014 amounted to RM1,243,595 and RM1,311,689 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 31 December 2014, the total number of treasury shares held was 2,025,200 ordinary shares.

Other than above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and year ended 31 December 2014.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

A7. DIVIDEND PAID

In respect of the financial year ended 31 December 2014, the following dividend payments were made:

- (a) a first interim gross dividend of 3 sen per share under the single-tier dividend system totaling RM9,131,000 on 18 April 2014; and
- (b) a second interim gross dividend of 3 sen per share under the single-tier dividend system totaling RM9,131,000 on 31 July 2014.

A8. SEGMENTAL INFORMATION

The Group has five (5) 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:

- Life insurance - underwriting life insurance business, including investment-linked business
- 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

Other segments comprise investment holding, 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.

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014**A8. SEGMENTAL INFORMATION (continued)**

	Insurance			Takaful			All other segments		Total	Inter-segment elimination	Group total
	Life insurance	General insurance	Shareholders' fund	General takaful	Family takaful	Shareholders' fund	Continuing	Discontinued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months period ended											
31 December 2014											
External revenue	-	48	87	83,406	82,796	1,004	3,504	-	170,845	-	170,845
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	-	48	87	83,406	82,796	1,004	3,504	-	170,845	-	170,845
Profit/(loss) by segments	183	6,495	2,742	(4,756)	(12,540)	1,423	(2,825)	8,040	(1,238)	-	(1,238)
Tax (expenses)/income attributable to participants	-	-	-	4,205	1,192	-	-	-	5,397	-	5,397
	183	6,495	2,742	(551)	(11,348)	1,423	(2,825)	8,040	4,159	-	4,159
Share of profit of associates not included in reportable segments									1,714	-	1,714
Profit before taxation (*)									5,873	-	5,873

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

	RM'000
- Continuing	(1,918)
- Discontinued	7,791
	<u>5,873</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

A8. SEGMENTAL INFORMATION (continued)

	Insurance			Takaful			All other segments		Total	Inter-segment elimination	Group total
	Life insurance	General insurance	Share-holders' fund	General takaful	Family takaful	Share-holders' fund	Conti-nuing	Discon-tinued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months period ended											
31 December 2014											
External revenue	53	289	446	290,649	381,914	3,861	17,767	2	694,981	-	694,981
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	<u>53</u>	<u>289</u>	<u>446</u>	<u>290,649</u>	<u>381,914</u>	<u>3,861</u>	<u>17,767</u>	<u>2</u>	<u>694,981</u>	<u>-</u>	<u>694,981</u>
Profit/(loss) by segments	183	16,991	899	(2,511)	(10,607)	(2,166)	(7,264)	20,523	16,048	-	16,048
Tax (expenses)/income attributable to participants	-	-	-	1,960	(741)	-	-	-	1,219	-	1,219
	<u>183</u>	<u>16,991</u>	<u>899</u>	<u>(551)</u>	<u>(11,348)</u>	<u>(2,166)</u>	<u>(7,264)</u>	<u>20,523</u>	<u>17,267</u>	<u>-</u>	<u>17,267</u>
Share of profit of associates not included in reportable segments									2,320	-	2,320
Profit before taxation (*)									<u>19,587</u>	<u>-</u>	<u>19,587</u>

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

	RM'000
- Continuing	(936)
- Discontinued	20,523
	<u>19,587</u>

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014**A8. SEGMENTAL INFORMATION (continued)**

	Insurance			Takaful			Unit trust fund management	All other segments			Total	Inter-segment elimination	Group total
	Life insurance	General insurance	Shareholders' fund	General takaful	Family takaful	Shareholders' fund							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Discontinued RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000	RM'000	RM'000
3 months period ended 31 December 2013													
External revenue	(17)	(986)	271	55,582	67,022	997	12,982	2,956	1	138,808	(10,000)	128,808	
Inter-segment revenue	-	-	-	-	-	-	-	(182)	-	(182)	182	-	
Total operating revenue	<u>(17)</u>	<u>(986)</u>	<u>271</u>	<u>55,582</u>	<u>67,022</u>	<u>997</u>	<u>12,982</u>	<u>2,774</u>	<u>1</u>	<u>138,626</u>	<u>(9,818)</u>	<u>128,808</u>	
Profit/(loss) by segments	(1,029)	(1,602)	(6,168)	1,252	957	2,552	1,656	15,883	(292)	13,209	(22)	13,187	
Tax expenses attributable to participants	-	-	-	(1,252)	(957)	-	-	-	-	(2,209)	34	(2,175)	
	<u>(1,029)</u>	<u>(1,602)</u>	<u>(6,168)</u>	<u>-</u>	<u>-</u>	<u>2,552</u>	<u>1,656</u>	<u>15,883</u>	<u>(292)</u>	<u>11,000</u>	<u>12</u>	<u>11,012</u>	
Share of profit of associates not included in reportable segments										(760)	-	(760)	
Zakat										(295)	-	(295)	
Profit before taxation (*)										<u>9,945</u>	<u>12</u>	<u>9,957</u>	

(*) consist of profit before taxation from:

	RM'000
- Continuing	8,593
- Discontinued	1,364
	<u>9,957</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

A8. SEGMENTAL INFORMATION (continued)

	Insurance			Takaful			Unit trust fund management	All other segments			Total	Inter-segment elimination	Group total
	Life insurance	General insurance	Share-holders' fund	General takaful	Family takaful	Share-holders' fund		Discontinued	Continuing	Discontinued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months period ended 31 December 2013													
External revenue	150	28,360	1,334	218,803	280,476	3,884	47,155	16,048	3	596,213	(10,000)	586,213	
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	
Total operating revenue	150	28,360	1,334	218,803	280,476	3,884	47,155	16,048	3	596,213	(10,000)	586,213	
(Loss)/profit by segments	(1,029)	(28,093)	(7,210)	2,877	2,871	4,467	4,106	19,422	14,377	11,788	(22)	11,766	
Tax expenses attributable to participants	-	-	-	(1,252)	(2,871)	-	-	-	-	(4,123)	34	(4,089)	
	(1,029)	(28,093)	(7,210)	1,625	-	4,467	4,106	19,422	14,377	7,665	12	7,677	
Share of profit of associates not included in reportable segments										1,525	-	1,525	
Zakat										(295)	-	(295)	
Profit before taxation (*)										8,895	12	8,907	

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

	RM'000
- Continuing	(9,576)
- Discontinued	18,483
	<u>8,907</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

A9. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the financial year ended 31 December 2014 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 21 April 2014, Pusat Tiusyen Kasturi Sdn Bhd and Keris Murni Sdn Bhd became wholly owned subsidiaries of the Group as stated in note B10(c) of this report.
- (b) On 3 July 2014, Chelsea Parking Services Sdn Bhd ceased to be a subsidiary of the Group as stated in note B10(d) of this report.
- (c) On 2 October 2014, Nilam Timur Sdn Bhd ceased to be a subsidiary company of the Group as stated in note B10(e) of this report.
- (d) On 24 December 2014, MAACA Labuan Ltd ceased to be a subsidiary company of the Group as stated in note B10(f) of this report.

A11. CARRYING AMOUNT OF REVALUED ASSETS

Investment properties of the Group had been carried at revalued amount at the financial year ended 31 December 2013. During the financial year ended 31 December 2014, the Group has revalued its investment properties and the gains or losses arising from changes in fair values of investment properties have been recognised in the income statement.

A12. 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 31.12.2014	As at 31.12.2013
	RM'000	RM'000
Performance bonds and guarantees	25,950	24,183

A13. CAPITAL COMMITMENTS

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

	As at 31.12.2014
	RM'000
Authorised and contracted for:	
- Office renovation	298

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

**A14. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (UNAUDITED)
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	17,421	52	-	-	-	17,473
Investment properties	14,846	-	-	-	-	14,846
Intangible assets	3,407	-	-	-	-	3,407
Investments	161,502	1,520	-	65,333	375,530	603,885
Financial assets at fair value through profit of loss	13,265	-	-	-	313,708	326,973
Available-for-sale financial assets	122,677	1,520	-	48,866	36,774	209,837
Held-to-maturity financial assets	-	-	-	15,000	25,042	40,042
Loans and receivables	25,560	-	-	1,467	6	27,033
Associates	64,866	-	-	-	-	64,866
Reinsurance/retakaful assets	-	6,509	-	280,382	14,720	301,611
Insurance/takaful receivables	-	56,402	-	109,457	-	165,859
Trade and other receivables	53,914	99	-	1,417	18,085	73,515
Tax recoverable	886	35	-	-	-	921
Deferred tax assets	-	-	-	3,212	573	3,785
Cash and cash equivalents	213,672	1,319	420	48,069	80,920	344,400
Total assets	530,514	65,936	420	507,870	489,828	1,594,568
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	34,857	-	366,291	455,461	856,609
Investment contract liabilities	-	-	-	-	-	-
Insurance/takaful payables	-	84,243	-	130,763	15,818	230,824
Trade and other payables	39,830	315	410	4,426	10,968	55,949
Current tax liabilities	1,359	10	-	1,599	2,813	5,781
Deferred tax liabilities	1,080	-	-	-	-	1,080
Total liabilities	42,269	119,425	410	503,079	485,060	1,150,243
Equity, policyholders' funds and liabilities						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	125,817	-	-	(551)	(11,348)	113,918
Reserves	5,943	-	-	-	-	5,943
Total equity attributable to the owners of the Company	436,114	-	-	(551)	(11,348)	424,215
Non-controlling interests	20,110	-	-	-	-	20,110
Total equity	456,224	-	-	(551)	(11,348)	444,325
Total equity, policyholders' funds and liabilities	498,493	119,425	410	502,528	473,712	1,594,568
Inter-fund balances	32,021	(53,489)	10	5,342	16,116	-

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

**A14. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (AUDITED)
AS AT 31 DECEMBER 2013**

	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	21,714	129	-	-	-	21,843
Investment properties	12,500	-	-	-	-	12,500
Intangible assets	3,007	-	-	-	-	3,007
Investments	267,717	1,907	3,961	62,397	323,013	658,995
Financial assets at fair value through profit of loss	34,922	-	3,961	-	255,839	294,722
Available-for-sale financial assets	125,525	1,424	-	45,778	41,634	214,361
Held-to-maturity financial assets	-	-	-	15,365	25,516	40,881
Loans and receivables	107,270	483	-	1,254	24	109,031
Associates	61,497	-	-	-	-	61,497
Reinsurance/retakaful assets	-	41,972	-	200,362	15,490	257,824
Insurance/takaful receivables	-	6,706	-	37,940	6,276	50,922
Trade and other receivables	105,181	201	63	407	1,769	107,621
Tax recoverable	2,740	33	-	-	-	2,773
Deferred tax assets	-	-	-	47	-	47
Cash and cash equivalents	119,472	1,337	1,867	19,422	39,742	181,840
Asset classified as held for sale	178	-	-	-	-	178
Total assets	594,006	52,285	5,891	320,575	386,290	1,359,047
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	71,691	-	254,065	352,196	677,952
Investment contract liabilities	-	-	4,082	-	-	4,082
Borrowings						
- Bank overdrafts (unsecured)	4,715	-	-	-	-	4,715
Insurance/takaful payables	-	57,778	-	50,848	2,444	111,070
Trade and other payables	83,280	2,655	285	9,805	8,956	104,981
Current tax liabilities	366	40	-	173	1,081	1,660
Deferred tax liabilities	2,282	-	-	-	1,689	3,971
Total liabilities	90,643	132,164	4,367	314,891	366,366	908,431
Equity						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	116,594	-	-	-	-	116,594
Reserves	10,448	-	-	-	-	10,448
Total equity attributable to the owners of the Company	431,396	-	-	-	-	431,396
Non-controlling interests	19,220	-	-	-	-	19,220
Total equity	450,616	-	-	-	-	450,616
Total equity, policyholders' funds and liabilities	541,259	132,164	4,367	314,891	366,366	1,359,047
Inter-fund balances	52,747	(79,879)	1,524	5,684	19,924	-

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NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	22,074	289	53	290,649	381,914	-	694,979
Gross earned premiums/contributions	-	110	-	286,809	367,559	-	654,478
Premiums/contributions ceded to reinsurers/retakaful operators	-	(3)	-	(219,082)	(5,754)	-	(224,839)
Net earned premiums/contributions	-	107	-	67,727	361,805	-	429,639
Investment income	14,879	179	53	3,840	14,355	-	33,306
Realised gains and losses – net	884	56	-	(65)	21,379	-	22,254
Fair value gains and losses - net	348	-	(389)	-	(28,297)	-	(28,338)
Fee and commission income	-	45	-	43,926	-	-	43,971
Other operating revenue from non-insurance businesses	7,195	-	-	-	-	-	7,195
Surplus sharing from Family takaful	11,000	-	-	-	-	(11,000)	-
Wakalah fee from takaful business	154,106	-	-	-	-	(154,106)	-
Other revenue	188,412	280	(336)	47,701	7,437	(165,106)	78,388
Gross benefits and claims paid	-	(53,472)	-	(86,131)	(190,516)	-	(330,119)
Claims ceded to reinsurers/retakaful operators	-	50,788	-	64,922	4,435	-	120,145
Gross change to contract liabilities	-	42,922	489	(87,138)	(83,032)	-	(126,759)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(32,578)	-	73,216	(1,944)	-	38,694
Net insurance/takaful benefits and claims	-	7,660	489	(35,131)	(271,057)	-	(298,039)
Fee and commission expense	(102,616)	(83)	-	-	-	-	(102,699)
Management expenses	(102,899)	(3,891)	(222)	(10,508)	(805)	-	(118,325)
Expenses liabilities	(2,397)	-	-	-	-	-	(2,397)
Other operating income/(expenses) - net	11,295	12,918	252	-	(15,181)	-	9,284
Surplus sharing with Shareholders' fund	-	-	-	-	(11,000)	11,000	-
Wakalah fee payable to Shareholders' fund	-	-	-	(72,300)	(81,806)	154,106	-
Finance cost	(326)	-	-	-	-	-	(326)
Other (expenses)/income	(196,943)	8,944	30	(82,808)	(108,792)	165,106	(214,463)
Share of profit of associates, net of tax	2,320	-	-	-	-	-	2,320
(Loss)/profit before zakat	(6,211)	16,991	183	(2,511)	(10,607)	-	(2,155)
Zakat	-	-	-	-	-	-	-
(Loss)/profit after zakat	(6,211)	16,991	183	(2,511)	(10,607)	-	(2,155)
Tax expenses attributable to participants	-	-	-	1,960	(741)	-	1,219
(Loss)/profit before taxation	(6,211)	16,991	183	(551)	(11,348)	-	(936)
Taxation	(1,461)	-	-	-	-	-	(1,461)
(Loss)/profit for the financial year	(7,672)	16,991	183	(551)	(11,348)	-	(2,397)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Discontinued Operations

	Shareholders' fund	Total
	RM'000	RM'000
Operating revenue	2	2
Investment income	2	2
Realised gains and losses - net	7,828	7,828
Other revenue	7,830	7,830
Management expenses	(171)	(171)
Other operating income- net	12,864	12,864
Other income	12,693	12,693
Profit before taxation	20,523	20,523
Taxation	(21)	(21)
Profit for the financial year	20,502	20,502

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**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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	21,266	28,360	150	218,803	280,476	(10,000)	539,055
Gross earned premiums/contributions	-	28,151	-	215,757	268,162	(10,000)	502,070
Premiums/contributions ceded to reinsurers/retakaful operators	-	(24,667)	-	(171,126)	(9,455)	-	(205,248)
Net earned premiums/contributions	-	3,484	-	44,631	258,707	(10,000)	296,822
Investment income	11,805	209	150	3,046	12,314	-	27,524
Realised gains and losses – net	6,896	30	112	874	15,765	-	23,677
Fair value gains and losses - net	2,697	-	261	-	9,745	(430)	12,273
Fee and commission income	-	492	-	46,516	-	-	47,008
Other operating revenue from non-insurance businesses	9,461	-	-	-	-	-	9,461
Surplus sharing from Family takaful	7,250	-	-	-	-	(7,250)	-
Wakalah fee from takaful business	141,546	-	-	-	-	(141,546)	-
Other revenue	179,655	731	523	50,436	37,824	(149,226)	119,943
Gross benefits and claims paid	-	(44,076)	(252)	(67,140)	(151,393)	-	(262,861)
Claims ceded to reinsurers/retakaful operators	-	17,430	-	48,210	10,286	-	75,926
Gross change to contract liabilities	-	33,775	(86)	(51,500)	(52,739)	10,396	(60,154)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(26,211)	-	43,357	446	-	17,592
Net insurance/takaful benefits and claims	-	(19,082)	(338)	(27,073)	(193,400)	10,396	(229,497)
Fee and commission expense	(97,168)	(1,162)	-	-	-	-	(98,330)
Management expenses	(96,612)	(10,849)	(1,320)	(2,047)	(1,833)	-	(112,661)
Expenses liabilities	(794)	-	-	-	-	-	(794)
Other operating income/(expenses) - net	32,014	(1,215)	106	-	(12,701)	-	18,204
Surplus sharing with Shareholders' fund	-	-	-	-	(7,250)	7,250	-
Wakalah fee payable to Shareholders' fund	-	-	-	(63,070)	(78,476)	141,546	-
Finance cost	(404)	-	-	-	-	-	(404)
Other expenses	(162,964)	(13,226)	(1,214)	(65,117)	(100,260)	148,796	(193,985)
Share of profit of associates, net of tax	1,525	-	-	-	-	-	1,525
Profit/(loss) before zakat	18,216	(28,093)	(1,029)	2,877	2,871	(34)	(5,192)
Zakat	(295)	-	-	-	-	-	(295)
Profit/(loss) after zakat	17,921	(28,093)	(1,029)	2,877	2,871	(34)	(5,487)
Tax expenses attributable to participants	-	-	-	(1,252)	(2,871)	34	(4,089)
Profit/(loss) before taxation	17,921	(28,093)	(1,029)	1,625	-	-	(9,576)
Taxation	(3,431)	(478)	-	-	-	-	(3,909)
Profit/(loss) for the financial year	14,490	(28,571)	(1,029)	1,625	-	-	(13,485)

**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Discontinued Operations

	Shareholders' fund	Total
	RM'000	RM'000
Operating revenue	47,158	47,158
Investment income	860	860
Realised gains and losses – net	59,345	59,345
Other operating revenue from non-insurance businesses	46,298	46,298
Other revenue	106,503	106,503
Management expenses	(23,608)	(23,608)
Other operating expenses - net	(64,412)	(64,412)
Other expenses	(88,020)	(88,020)
Profit before taxation	18,483	18,483
Taxation	(1,180)	(1,180)
Profit for the financial year	17,303	17,303

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

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 year ended 31 December 2014 represent subsidiary companies disposed during the year, as announced by the Company in note B10(d) to (f) of this report, whereas the discontinued operations for the preceding financial year ended 31 December 2013 represent MAAKL Mutual Berhad (“MAAKL Mutual”) which was disposed on 31 December 2013. However, in order to conform to the current financial year’s presentation of financial statements, the preceding financial year’s results of those subsidiary companies disposed during the year 2014 have been reclassified from continuing operations to discontinued operations for comparative purposes.

Current financial quarter ended 31 December 2014 (4Q-2014) against preceding year’s corresponding financial quarter ended 31 December 2013 (4Q-2013)

Operating revenue

The Group recorded an increase of 32.6% in total operating revenue to RM170.8 million for 4Q-2014 under review, wholly from continuing operations (4Q-2013: RM128.8 million, of which the continuing operations recorded RM115.8 million and the discontinued operations recorded RM13.0 million).

Under the conventional insurance business, the General Insurance Division recorded a lower gross earned premium of RM4,000 from remaining policies not cancelled (4Q-2013: negative gross earned premium of RM1.0 million due to refund premium for cancelled policies) wholly from the insurance subsidiary in Indonesia, PT MAA General Assurance (“PT MAAG”).

Under the takaful business, the General Takaful Division recorded an increase in total gross earned contribution by 50.2% to RM82.3 million (4Q-2013: RM54.8 million), mainly growth from fire, motor, personal accident, marine, aviation and transit (“MAT”) classes of business, whilst the Family Takaful Division registered a 23.0% increase in total gross earned contribution to RM78.5 million (4Q-2013: RM63.8 million), mainly growth from single premium investment-linked products.

The Shareholders’ fund recorded total operating revenue of RM4.6 million wholly from the continuing operations (4Q-2013: RM17.2 million, of which the continuing operations recorded RM4.2 million and the discontinued operations recorded RM13.0 million).

Profit / loss before taxation

The Group recorded a lower profit before taxation (“PBT”) of RM5.9 million for 4Q-2014 (4Q-2013: PBT of RM10.0 million), of which the continuing operations recorded a loss before taxation (“LBT”) of RM1.9 million (4Q-2013: PBT of RM8.6 million) and the discontinued operations recorded a PBT of RM7.8 million (4Q-2013: PBT of RM1.4 million).

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 December 2014 (4Q-2014) against preceding year's corresponding financial quarter ended 31 December 2013 (4Q-2013) (continued)

Profit before taxation (continued)

Under the conventional insurance business, the General Insurance Division recorded a PBT of RM6.5 million (4Q-2013: LBT of RM1.6 million) wholly from PT MAAG. The profit in 4Q-2014 arose mainly from income from claim liabilities waived via hair-cut negotiations and write back of impairment loss on insurance receivables. However, these profits were partially offset by foreign exchange loss and net claims incurred. The Life Insurance Division registered a profit of RM0.02 million (4Q-2013: LBT of RM1.0 million) wholly from the continuing operations.

Under the takaful business, the General Takaful Division recorded a deficit before taxation of RM6.9 million in 4Q-2014 (4Q-2013: surplus before taxation of RM1.2 million), affected mainly by higher net takaful benefits and claims, increase in wakalah fee payable to Shareholders' fund and allowance for impairment loss on takaful receivables. The Family Takaful Division recorded a deficit before taxation of RM1.5 million (4Q-2013: surplus before taxation of RM8.2 million) before a surplus transfer of RM11.0 million (4Q-2013: RM7.3 million) to the Shareholders' Fund. The deficit in 4Q-2014 was due mainly to net fair value loss on quoted investments.

The Shareholders' Fund recorded a PBT of RM10.8 million in 4Q-2014 (4Q-2013: PBT of RM12.7 million) after taking into account a surplus of RM11.0 million (FP2013: RM7.3 million) transferred from the Family Takaful Division, of which the continuing operations recorded a lower PBT of RM3.0 million (4Q-2013: PBT of RM11.3 million) and the discontinued operations recorded a PBT of RM7.8 million (4Q-2013: PBT of RM1.4 million). The lower profit recorded by the continuing operations in 4Q-2014 was due mainly to bad debts written off incurred by the subsidiary engaged in leasing, hire purchase and other credit activities, while the profit recorded by the discontinued operations arose mainly from a gain of RM7.8 million from the disposal of a subsidiary. The profit recorded by the continuing operations in 4Q-2013 was mainly contributed by a write back of impairment loss on investments in associated companies, whilst the discontinued operations recorded a gain of RM45.0 million from the disposal of MAAKL Mutual, however the gain was offset by a provision of RM45.0 million made for Zurich's Counterclaims.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2014 ("FP2014") against preceding financial year ended 31 December 2013 ("FP2013")

Operating revenue

The Group recorded an increase of 18.6% in total operating revenue to RM695.0 million for FP2014 under review (FP2013: RM586.2 million), of which the continuing operations recorded RM695.0 million (FP2013: RM539.0 million) and the discontinued operations recorded a minimal operating revenue of RM2,000 (FP2013: RM47.2 million).

Under the conventional insurance business, the General Insurance Division recorded a lower total gross earned premium of RM0.1 million (FP2013: RM28.2 million) wholly from PT MAAG. The lower gross earned premium in FP2014 was resulted from cancellation of policies.

Under the takaful business, the General Takaful Division recorded a 32.9% increase in total gross earned contribution to RM286.8 million (FP2013: RM215.8 million), mainly growth from fire, motor, personal accident, marine, aviation and transit ("MAT") classes of business, whilst the Family Takaful Division registered a 37.1% increase in total gross earned contribution to RM367.6 million (FP2013: RM268.2 million), mainly growth from single premium investment-linked products.

The Shareholders' fund recorded total operating revenue of RM22.1 million, wholly from the continuing operations (FP2013: RM68.5 million, of which the continuing operations recorded RM21.3 million and the discontinued operations recorded RM47.2 million).

Profit / loss before taxation

The Group recorded a higher PBT of RM19.6 million for FP2014 under review (FP2013: PBT of RM8.9 million), of which the continuing operations recorded a LBT of RM0.9 million (FP2013: LBT of RM9.6 million) and the discontinued operations recorded a PBT of RM20.5 million (FP2013: PBT of RM18.5 million).

Under the conventional insurance business, the General Insurance Division recorded a PBT of RM17.0 million (FP2013: LBT of RM28.1 million) wholly from PT MAAG. The profit in FP2014 arose mainly from income from claim liabilities waived via hair-cut negotiations. The loss in FP2013 recorded by PT MAAG was a result of business run-off with cessation of underwriting new and renewal businesses, premium refund for cancelled policies, impairment loss for insurance receivables and provision for staff retrenchment expenses. The Life Insurance Division registered a small PBT of RM0.2 million (FP2013: LBT of RM1.0 million) wholly from the continuing operations.

Under the takaful business, the General Takaful Division recorded a deficit before taxation of RM2.5 million in FP2014 (FP2013: surplus before taxation of RM2.9 million), affected mainly by higher net takaful benefits and claims, increase in wakalah fee payable to Shareholders' fund and allowance for impairment loss on takaful receivables. The Family Takaful Division recorded a lower surplus before taxation of RM0.4 million (FP2013: RM10.1 million) before a surplus transfer of RM11.0 million (FP2013: RM7.3 million) to the Shareholders' Fund. The lower surplus before taxation was due mainly to net fair value loss on quoted investments and higher net takaful benefits and claims.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2014 ("FP2014") against preceding financial year ended 31 December 2013 ("FP2013") (continued)

Profit before taxation (continued)

The Shareholders' Fund recorded a lower PBT of RM14.3 million (FP2013: PBT of RM36.4 million), after taking into account a surplus of RM11.0 million (FP2013: RM7.3 million) transferred from the Family Takaful Division, of which the continuing operations recorded a LBT of RM6.2 million (FP2013: PBT of RM17.9 million) and the discontinued operations recorded a PBT of RM20.5 million (FP2013: PBT of RM18.5 million). The loss recorded by the continuing operations in FP2014 was due mainly to higher management and commission expenses incurred by the takaful subsidiary company and bad debts written off incurred by the subsidiary engaged in leasing, hire purchase and other credit activities, whilst the profit recorded by discontinued operations was mainly from a write back of RM12.5 million from the provision of Zurich's Counterclaims pursuant to the second settlement agreement entered into with Zurich as disclosed in note B10(a) of this report and a gain of RM7.8 million from the disposal of a subsidiary. The profit recorded by the continuing operation in FP2013 was contributed by a net fair value gain of RM12.7 million recognised from bonds transferred from Zurich under the settlement agreement, a write back of impairment loss made previously on investments in associated companies and higher net realised and fair value gains from investments. The profit recorded by the discontinued operations in FP2013 included a gain of RM14.3 million from the disposal of MAA under the settlement agreement with Zurich and a gain of RM45.0 million from the disposal of MAAKL Mutual. However, these profits were offset partly by a provision of RM45.0 million made for Zurich's Counterclaims.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (4Q-2014) AGAINST THE PRECEDING QUARTER (3Q-2014)

In 4Q-2014, the Group registered a lower PBT of RM5.9 million (3Q-2014: PBT of RM10.6 million) of which the continuing operations recorded a LBT of RM1.9 million (3Q-2014: LBT of RM1.9 million) and the discontinued operations recorded a PBT of RM7.8 million (3Q-2014: PBT of RM12.5 million). The profit recorded in Q4-2014 was mainly from a gain of RM7.8 million from the disposal of a subsidiary.

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(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014**B3. PROSPECTS**

The Group will focus on returning its takaful operations to profitability through enhanced underwriting and re-pricing of medical products, whilst continuing existing efforts to grow the business.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company. As disclosed on note B10(b) of these Interim Reports, the Company has on 30 January 2015 submitted an application to Bursa Securities for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirement and the application is still being considered by 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		12 months period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Interest income	7,543	5,978	28,144	20,706
Dividend income	1,868	2,155	5,991	6,540
Rental income	18	49	117	106
(Amortisation of premium)/accretion of discounts	(265)	84	(946)	172
	9,164	8,266	33,306	27,524
<u>Discontinued operations</u>				
Interest income	-	191	2	810
Dividend income	-	22	-	50
	-	213	2	860

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014**B6. REALISED GAINS AND LOSSES – NET**

	3 months period ended		12 months period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Gains/(losses) on disposal of :				
- investments	5,779	9,269	22,224	23,636
- property, plant and equipments	(3)	31	30	41
	5,776	9,300	22,254	23,677
<u>Discontinued operations</u>				
Gains/(losses) on disposal of :				
- subsidiaries	7,828	44,786	7,828	59,378
- property, plant and equipments	-	-	-	(33)
	7,828	44,786	7,828	59,345

B7. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		12 months period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Fair value gains/(losses) on:				
- investment properties	2,021	1,551	2,021	1,551
- investments	(27,375)	10,470	(30,359)	10,722
	(25,354)	12,021	(28,338)	12,273

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

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

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

	3 months period ended		12 months period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
(Allowance for)/write back of impairment loss on:				
- investments in associates	-	3,666	-	3,666
- available-for-sale financial assets	-	(347)	-	(12,048)
- trade and other receivables	(49)	(655)	393	(776)
- insurance/takaful receivables	(1,511)	(7,355)	(13,192)	(7,401)
- loans from leasing, hire purchase and others receivables	(299)	694	2,031	1,027
Bad debts (written off)/recovered	(7,179)	25	(7,111)	157
Income from claim liabilities waived	4,225	-	16,941	-
Fair value gain from acquisition of bonds via Settlement Agreement	-	-	-	23,770
Net foreign exchange loss	(1,293)	(1,533)	(1,382)	(5,793)
Property, plant and equipment				
- depreciation	(1,088)	(837)	(3,597)	(3,377)
- impairment loss	(44)	(8)	(44)	-
- written off	(6)	20	(299)	(20)
Amortisation of intangible assets	(95)	(297)	(1,035)	(1,232)
<u>Discontinued operations</u>				
(Provision for)/write back of Zurich's Counterclaims	-	(45,000)	12,500	(45,000)
Commission paid and payable to unit trust agents	-	(5,507)	-	(19,783)
Property, plant and equipment written off	-	(41)	-	(41)
Depreciation of property, plant and equipment	(15)	(149)	(59)	(518)
Amortisation of intangible assets	-	(122)	-	(483)
Amortisation of lease	(1)	(8)	(25)	(30)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

B9. TAXATION

	3 months period ended		12 months period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
<u>Current tax</u>				
Current financial quarter/year	689	2,660	1,421	3,542
Under/(over) accrual in prior financial quarter/year	962	(86)	1,080	(50)
	1,651	2,574	2,501	3,492
<u>Deferred tax</u>				
Current financial quarter/year	(1,030)	417	(1,040)	417
Tax expense	621	2,991	1,461	3,909
<u>Discontinued operations</u>				
<u>Current tax</u>				
Current financial quarter/year	-	474	21	1,243
Over accrual in prior financial quarter/year	-	(35)	-	(35)
	-	439	21	1,208
<u>Deferred tax</u>				
Current financial quarter/year	-	2	-	(28)
Tax expense	-	441	21	1,180

The Group's effective tax rate for the current financial quarter and year under review was lower than the statutory tax rate due mainly to certain income/gain not subject to tax.

B10. STATUS OF CORPORATE PROPOSALS

- (a) On 30 September 2013, the Company announced that an amount of RM55.1 million had been retained in the escrow account with regards to the sale of Malaysian Assurance Alliance Berhad (“MAA Assurance”) to Zurich Insurance Company Ltd (“Zurich”) until Zurich’s remaining outstanding claims are resolved.

Zurich’s remaining outstanding claims were related to alleged breach of warranties and indemnities (“Zurich’s Counterclaims”), of which a provision of RM45.0 million had been made in the financial year ended 31 December 2013. The said provision amount was based on both parties’ ongoing settlement negotiations.

On 1 August 2014, the Company entered into a second settlement agreement with Zurich for the settlement of Zurich’s Counterclaims that included, inter-alia, the following salient terms:

- (i) Without any admission of liability or wrongdoing on the part of either party, the parties agree to settle the disputes in relation to Zurich’s Counterclaims through the payment of RM32.5 million to Zurich from the escrow account, and the balance escrow monies of approximately RM23.9 million as at 30 July 2014 including interest accrued thereon (if any) shall be released to the Company.
- (ii) With effect from the date that the payments are made to Zurich and the Company, the disputes in relation to Zurich’s Counterclaims shall be fully and finally settled (“Settlement Date”).
- (iii) With effect from the Settlement Date, the parties agree to discontinue the arbitration proceedings with respect to Zurich’s Counterclaims and shall bear the Singapore International Arbitration Centre (SIAC) costs in equal proportions.

On 29 August 2014, the Company announced it had discontinued the arbitration proceedings against Zurich following both parties’ agreement subsequent to the second settlement agreement.

- (b) 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 MAA Assurance.

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 Securities for extension of time to submit a regularisation plan as it is still in the midst of formulating the said plan.

B10. STATUS OF CORPORATE PROPOSALS (continued)

- (b) Bursa Securities has granted approvals for the 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 (“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 make the Requisite Announcement on or before 31 December 2014;
- (ii) The Company fails to submit a regularisation plan to the regulatory authorities on or before 31 January 2015;
- (iii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iv) 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 (iv) 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 30 December 2014, the Company announced to undertake a regularisation plan that include, inter-alia the proposed settlement of all obligation and liabilities of PT MAAG and subsequent proposed divestment/dissolution of the company, proposed subscription of additional equity interest in a associated company, Columbus Capital Pty Ltd (“CCAU”) which will effectively increase the Group’s equity interest in CCAU from 47.95% to 55%; and proposed splitting of the composite license of MAA Takaful Berhad into two (2) separate entities.

Further on 30 January 2015, the Company announced that a fresh application for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements has been submitted to Bursa Securities on even date. The Application is subject to Bursa Securities’ consideration and announcement in relation to the outcome will be released in due course.

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(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014**B10. STATUS OF CORPORATE PROPOSALS (continued)**

(c) On 14 April 2014, MAA Corporation Sdn Bhd (“MAA Corp”) entered into a share sale agreement (“SSA”) with AEC College Pte Ltd (“AEC”) to acquire 30% interest in Pusat Tuisyen Kasturi Sdn Bhd (“PTKSB”) and Keris Murni Sdn Bhd (“KMSB”) (“Proposed Acquisition”) for a total cash consideration of RM1.6 million. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the aggregate profit after taxation of PTKSB and KMSB amounting to RM658,000 based on the audited financial statements for the financial year ended 31 December 2013.

The remaining 70% interest in PTKSB and KMSB is held by MAA Credit Berhad (“MAA Credit”), being a wholly-owned subsidiary of MAA Corp, pursuant to the exercise of its power of attorney on 2 October 2012 and formed part of the debt recovery action taken after its borrower had defaulted in its loan due to MAA Credit.

The Proposed Acquisition was completed on 21 April 2014 and consequently, PTKSB and KMSB became wholly-owned subsidiaries of the Group.

- (d) On 3 July 2014, MAA Corp disposed off its entire equity interest held in a dormant subsidiary, Chelsea Parking Services Sdn Bhd that has ceased operations for at a total cash consideration of RM10.00 (Ringgit Malaysia: Ten Only) to external parties, arrived at on a willing-buyer and willing-seller basis.
- (e) On 2 October 2014, MAA Credit disposed its entire equity interest held in a subsidiary, Nilam Timur Sdn Bhd (“NTSB”) for a total cash consideration of RM10.00 (Ringgit Malaysia: Ten Only) together with a RM1.5 million full and final cash settlement of the outstanding loan due to MAA Credit.
- (f) On 24 December 2014, MAA Corporate Advisory Sdn Bhd (“MAACA”), a wholly owned subsidiary of MAA Corp entered into a Share Sale Agreement with Datuk Rashid bin Ghazalli to dispose its 51% equity interest held in MAACA Labuan Ltd (“MAACA Labuan”), for a total cash consideration of RM66,776.00 (Ringgit Malaysia: Sixty Six Thousand Seven Hundred and Seventy Six Only), arrived at on a willing buyer and willing seller basis after taking into consideration the net assets of MAACA Labuan as at 30 November 2014 of RM66,776.00.

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

B11. GROUP BORROWINGS

The Group’s borrowings include:

	As at 31.12.2014	As at 31.12.2013
	RM’000	RM’000
<u>Short term</u>		
Bank overdrafts (unsecured)	-	4,715

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014

B12. CHANGES IN MATERIAL LITIGATION

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

B13. PROPOSED DIVIDEND

On 28 February 2014, the Board of Directors declared a first interim gross dividend of 3 sen per share totaling RM9,131,000 under the single-tier dividend system in respect of the financial year ending 31 December 2014. The first interim dividend was paid on 18 April 2014.

On 19 June 2014, the Board of Directors declared a second interim gross dividend of 3 sen per share totaling RM9,131,000 under the single-tier dividend system in respect of the financial year ending 31 December 2014. The second interim dividend was paid on 31 July 2014.

Other than as stated, the Board of Directors does not recommend the payment of any dividend for the current financial quarter under review.

B14. EARNINGS PER SHARE

	3 months period ended		12 months period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter /period (RM'000)				
- Continuing operations	(1,793)	3,845	(3,472)	(12,595)
- Discontinued operations	7,791	923	20,502	17,303
	5,998	4,768	17,030	4,708
Weighted average number of ordinary shares in issue ('000)	304,166	304,354	304,166	304,354
Basic earnings/(loss) per share (sen)				
- Continuing operations	(0.59)	1.26	(1.14)	(3.78)
- Discontinued operations	2.56	0.30	6.74	5.33
	1.97	1.56	5.60	1.55

B15. AUDITOR' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2013 was not qualified.

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014**B16. 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 31.12.2014	As at 31.12.2013
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	134,451	150,217
- Unrealised	(25,001)	(23,647)
	109,450	126,570
Total share of accumulated profits/(losses) from associates		
- Realised	(6,131)	(5,175)
- Unrealised	8,283	5,007
	2,152	(168)
	111,602	126,402
Add/(less): Consolidation adjustments	2,316	(9,808)
Total Group retained earnings as per statement of financial position	113,918	116,594

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: 26 February 2015