

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**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 2015. 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 2015.

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 2015.

The following MFRSs, amendments and annual improvements to MFRSs that are effective from financial year beginning on or after on 1 January 2016 have been adopted by the Group and do not have material financial impact to the current financial year's consolidated financial statements of the Group:

- Annual improvements to MFRS 2012-2014 Cycle
- Amendments to MFRS 11 Joint Arrangements – *Accounting with Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101 Presentation of Financial Statements – *Disclosure Initiative*
- Amendments to MFRS 127 Separate Financial Statements – *Equity Method In Separate Financial Statements*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets – *Clarification of Acceptable Methods of Depreciation and Amortisation*
- MFRS 14 Regulatory Deferral Accounts

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

Effective from financial year beginning on or after 1 January 2017

- Amendments to MFRS 107 Statements of Cash Flows – *Disclosure Initiative*
- Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective from financial year beginning on or after 1 January 2018

- Amendments to MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments – *Classification and Measurement of Financial Assets and Financial Liabilities*

Effective from financial year beginning on or after 1 January 2019

- MFRS 16 Leases

Effective date yet to be determined by MASB

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

A3. SEASONAL OR CYCLICAL FACTORS

The Group's business operations were not significantly affected by any seasonal or cyclical factors.

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

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence during the current financial quarter and period ended 31 March 2016.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have any material effect in the current financial quarter and period ended 31 March 2016.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

A6. DEBT AND EQUITY SECURITIES

During the current financial quarter and period ended 31 March 2016, the Company has purchased a total 2,179,200 ordinary shares from the open market at an average price of RM0.93 per share. The total purchase consideration paid for the share buy-back including transaction costs during the current financial quarter and period ended 31 March 2016 amounted to RM2,034,315 and were financed by internally generated funds. The shares so purchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at purchase cost.

As at 31 March 2016, the total number of treasury shares held was 2,688,000 ordinary shares.

Other than above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 31 March 2016.

A7. DIVIDEND PAID

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 2016 totaling RM8,712,698 on 31 March 2016.

A8. SEGMENTAL INFORMATION

The following summary describes the operations in each of the Group's operating segments:

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

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

There have been no material changes in total assets, the basis of segmentation and the basis of measurement of segment profit or loss from the last annual financial statements, except in the previous financial year PT MAA General Assurance ("PT MAAG"), a subsidiary which carried out the General insurance business was recognised as an operating segment for 11 months period ended 30 November 2015 before it was deconsolidated from group consolidated accounts with effect from 1 December 2015.

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016**A8. SEGMENTAL INFORMATION** (continued)3 months period ended 31 March 2016

	Takaful			Card business	Investment holdings	Other segments	Total
	General takaful	Family takaful	Shareholders' fund				
	RM'000	RM'000	RM'000	<u>Discontinued</u> RM'000	RM'000	RM'000	RM'000
External revenue	72,736	58,659	914	142	1,931	1,793	136,175
Profit/(loss) by segments	2,096	1,293	2,724	762	(2,952)	(669)	3,254
Tax (expenses)/income attributable to participants	(2,096)	308	-	-	-	-	(1,788)
	-	1,601	2,724	762	(2,952)	(669)	1,466
Share of profit of associates not included in reportable segments							683
Profit before taxation ^(*)							2,149

^(*) consist of profit before taxation from:

	RM'000
- Continuing Operations	1,387
- Discontinued Operations	762
	<u>2,149</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

A8. SEGMENTAL INFORMATION (continued)

3 months period ended 31 March 2015

	Insurance	Takaful			Card business	Investment holdings	Other segments	Total
	General insurance	General takaful	Family takaful	Shareholders' fund	<u>Discontinued</u>			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	45	74,838	63,747	938	371	2,480	1,641	144,060
Profit/(loss) by segments	2,305	976	190	3,718	(483)	(2,558)	(147)	4,001
Tax expenses attributable to participants	-	(425)	(1,229)	-	-	-	-	(1,654)
	<u>2,305</u>	<u>551</u>	<u>(1,039)</u>	<u>3,718</u>	<u>(483)</u>	<u>(2,558)</u>	<u>(147)</u>	<u>2,347</u>
Share of profit of associates not included in reportable segments								179
Profit before taxation ^(*)								<u>2,526</u>

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

	RM'000
- Continuing Operations	3,009
- Discontinued Operations	(483)
	<u>2,526</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

A9. MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the current financial period ended 31 March 2016 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

On 31 March 2016, MAA Cards Sdn Bhd ceased to be a subsidiary of the Group as stated in note B10(c) of this report.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipments are stated at cost less accumulated depreciation and accumulated impairment loss if any. There were no revaluations of property, plant and equipments during the current financial quarter and period ended 31 March 2016.

A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group had been carried at revalued amount at the financial year ended 31 December 2015. These revalued amounts have been carried forward to the current financial period ended 31 March 2016.

A13. CONTINGENCIES

In the normal course of business, the takaful subsidiary of the Company incurs 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 31.3.2016	As at 31.12.2015
	RM'000	RM'000
Performance bonds and guarantees	29,255	29,033

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

A14. CAPITAL COMMITMENTS

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

	As at 31.3.2016	As at 31.12.2015
	RM'000	RM'000
Authorised and contracted for:		
- Office renovation	195	114

A15 RELATED PARTY DISCLOSURES

All related party transactions within the Group had been entered into the normal course of business in accordance with the Shareholders' mandate procured on 28 May 2015 under Chapter 10 of the Listing Requirements of Bursa Securities and were carried out on normal commercial terms.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**A16. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (UNAUDITED)
AS AT 31 MARCH 2016**

	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	13,857	-	-	13,857
Investment properties	19,356	-	-	19,356
Intangible assets	3,446	-	-	3,446
Associates	69,634	-	-	69,634
Deferred tax assets	-	1,501	173	1,674
Tax recoverable	1,948	-	-	1,948
Reinsurance/retakaful assets	-	236,224	14,936	251,160
Investments	139,969	69,075	402,929	611,973
Financial assets at fair value through profit of loss	4,776	-	334,836	339,612
Available-for-sale financial assets	27,824	43,450	42,770	114,044
Held-to-maturity financial assets	-	15,078	25,318	40,396
Loans and receivables	107,369	10,547	5	117,921
Insurance/takaful receivables	-	55,355	4,154	59,509
Trade and other receivables	25,723	2,288	6,672	34,683
Cash and cash equivalents	188,435	100,609	57,807	346,851
Total assets	462,368	465,052	486,671	1,414,091
Equity, policyholders' funds and liabilities				
Liabilities				
Insurance/takaful contract liabilities	-	369,331	465,946	835,277
Deferred tax liabilities	880	-	73	953
Insurance/takaful payables	-	78,007	3,577	81,584
Trade and other payables	36,450	10,302	15,348	62,100
Current tax liabilities	2,132	1,317	472	3,921
Total liabilities	39,462	458,957	485,416	983,835
Equity, policyholders' funds and liabilities				
Share capital	292,693	-	-	292,693
Treasury shares	(2,478)	-	-	(2,478)
Retained earnings/(accumulated losses)	118,232	-	(14,442)	103,790
Reserves	7,808	-	-	7,808
Total equity attributable to the owners of the Company	416,255	-	(14,442)	401,813
Non-controlling interests	28,443	-	-	28,443
Total equity	444,698	-	(14,442)	430,256
Total equity, policyholders' funds and liabilities	484,160	458,957	470,974	1,414,091
Inter-fund balances	(21,792)	6,095	15,697	-

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**A16. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (AUDITED)
AS AT 31 DECEMBER 2015**

	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	14,575	-	-	14,575
Investment properties	19,356	-	-	19,356
Intangible assets	3,571	-	-	3,571
Associates	67,954	-	-	67,954
Deferred tax assets	-	2,334	-	2,334
Tax recoverable	331	-	9	340
Reinsurance/retakaful assets	-	258,009	12,399	270,408
Investments	84,728	86,310	416,344	587,382
Financial assets at fair value through profit of loss	5,524	-	349,331	354,855
Available-for-sale financial assets	40,428	62,662	41,620	144,710
Held-to-maturity financial assets	-	15,245	25,387	40,632
Loans and receivables	38,776	8,403	6	47,185
Insurance/takaful receivables	-	76,775	4,266	81,041
Trade and other receivables	36,152	3,101	1,085	40,338
Cash and cash equivalents	251,656	56,710	48,879	357,245
Assets classified as held for sale	6,393	-	-	6,393
Total assets	484,716	483,239	482,982	1,450,937
Equity, policyholders' funds and liabilities				
Liabilities				
Insurance/takaful contract liabilities	-	380,799	465,993	846,792
Deferred tax liabilities	900	-	389	1,289
Insurance/takaful payables	-	83,345	4,976	88,321
Trade and other payables	43,766	15,800	11,513	71,079
Current tax liabilities	4,118	-	216	4,334
Liabilities directly associated with assets classified as held for sale	1,281	-	-	1,281
Total liabilities	50,065	479,944	483,087	1,013,096
Equity, policyholders' funds and liabilities				
Share capital	292,693	-	-	292,693
Treasury shares	(444)	-	-	(444)
Retained earnings/(accumulated losses)	128,686	-	(16,043)	112,643
Reserves	5,160	-	-	5,160
Total equity attributable to the owners of the Company	426,095	-	(16,043)	410,052
Non-controlling interests	27,789	-	-	27,789
Total equity	453,884	-	(16,043)	437,841
Total equity, policyholders' funds and liabilities	503,949	479,944	467,044	1,450,937
Inter-fund balances	(19,233)	3,295	15,938	-

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

Continuing Operations

	Shareholders' fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	4,638	72,736	58,659	-	136,033
Gross earned premiums/contributions	-	71,200	56,349	-	127,549
Premiums/contributions ceded to reinsurers/retakaful operators	-	(41,803)	(3,582)	-	(45,385)
Net earned premiums/contributions	-	29,397	52,767	-	82,164
Investment income	2,830	1,536	2,310	-	6,676
Realised gains and losses – net	(178)	43	(1,191)	-	(1,326)
Fair value gains and losses - net	56	-	(7,175)	-	(7,119)
Fee and commission income	-	8,987	-	-	8,987
Other operating revenue from non-insurance businesses	1,808	-	-	-	1,808
Other operating income/(expenses) - net	3,234	4,608	(3,734)	-	4,108
Surplus sharing from General takaful	3,000	-	-	(3,000)	-
Surplus sharing from Family takaful	2,220	-	-	(2,220)	-
Wakalah fee from takaful businesses	37,143	-	-	(37,143)	-
Other revenue	50,113	15,174	(9,790)	(42,363)	13,134
Total revenue	50,113	44,571	42,977	(42,363)	95,298
Gross benefits and claims paid	-	(30,014)	(29,454)	-	(59,468)
Claims ceded to reinsurers/retakaful operators	-	17,931	3,163	-	21,094
Gross change to contract liabilities	-	(8,652)	1,164	-	(7,488)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(238)	2,229	-	1,991
Net insurance/takaful benefits and claims	-	(20,973)	(22,898)	-	(43,871)
Fee and commission expense	(22,653)	-	-	-	(22,653)
Management expenses	(28,142)	2,075	-	-	(26,067)
Expenses liabilities	(215)	-	-	-	(215)
Surplus sharing with Shareholders' fund	-	(3,000)	(2,220)	5,220	-
Wakalah fee payable to Shareholders' fund	-	(20,577)	(16,566)	37,143	-
Other expenses	(51,010)	(21,502)	(18,786)	42,363	(48,935)
Share of profit of associates, net of tax	683	-	-	-	683
(Loss)/profit before taxation	(214)	2,096	1,293	-	3,175
Tax expenses attributable to participants	-	(2,096)	308	-	(1,788)
(Loss)/profit before taxation for Shareholders' fund	(214)	-	1,601	-	1,387
Taxation	(1,635)	(2,096)	308	-	(3,423)
Tax expenses attributable to participants	-	2,096	(308)	-	1,788
Tax expenses attributable to Shareholders' fund	(1,635)	-	-	-	(1,635)
(Loss)/profit for the financial period	(1,849)	-	1,601	-	(248)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

Discontinued Operations

	Shareholders ' fund	Total
	RM'000	RM'000
Operating revenue	<u>142</u>	<u>142</u>
Investment income	38	38
Realised gains and losses - net	967	967
Other operating revenue from non-insurance businesses	<u>104</u>	<u>104</u>
Other revenue	<u>1,109</u>	<u>1,109</u>
Management expenses	<u>(347)</u>	<u>(347)</u>
Other expenses	<u>(347)</u>	<u>(347)</u>
Profit before taxation	<u>762</u>	<u>762</u>
Taxation	-	-
Profit for the financial period	<u>762</u>	<u>762</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

Continuing Operations

	Shareholders' fund	General fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	5,059	45	74,838	63,747	-	143,689
Gross earned premiums/ contributions	-	1	73,724	60,210	-	133,935
Premiums/contributions ceded to reinsurers/retakaful operators	-	-	(49,413)	(3,262)	-	(52,675)
Net earned premiums/contributions	-	1	24,311	56,948	-	81,260
Investment income	3,380	44	1,114	3,537	-	8,075
Realised gains and losses – net	67	-	-	5,529	-	5,596
Fair value gains and losses - net	545	-	-	8,803	-	9,348
Fee and commission income	-	-	12,657	-	-	12,657
Other operating revenue from non-insurance businesses	1,679	-	-	-	-	1,679
Other operating income/(expenses) - net	6,494	2,024	-	(3,721)	-	4,797
Surplus sharing from General takaful	667	-	-	-	(667)	-
Surplus sharing from Family takaful	1,181	-	-	-	(1,181)	-
Wakalah fee from takaful businesses	40,206	-	-	-	(40,206)	-
Other revenue	54,219	2,068	13,771	14,148	(42,054)	42,152
Total revenue	54,219	2,069	38,082	71,096	(42,054)	123,412
Gross benefits and claims paid	-	(5,099)	(27,652)	(25,405)	-	(58,156)
Claims ceded to reinsurers/retakaful operators	-	2,589	20,791	1,406	-	24,786
Gross change to contract liabilities	-	9,638	(7,853)	(27,969)	-	(26,184)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(6,459)	959	1,818	-	(3,682)
Net insurance/takaful benefits and claims	-	669	(13,755)	(50,150)	-	(63,236)
Fee and commission expense	(28,139)	-	-	-	-	(28,139)
Management expenses	(25,027)	(433)	(2,053)	-	-	(27,513)
Expenses liabilities	(40)	-	-	-	-	(40)
Surplus sharing with Shareholders' fund	-	-	(667)	(1,181)	1,848	-
Wakalah fee payable to Shareholders' fund	-	-	(20,631)	(19,575)	40,206	-
Other expenses	(53,206)	(433)	(23,351)	(20,756)	42,054	(55,692)
Share of profit of associates, net of tax	179	-	-	-	-	179
Profit before taxation	1,192	2,305	976	190	-	4,663
Tax expenses attributable to participants	-	-	(425)	(1,229)	-	(1,654)
Profit/(loss) before taxation for Shareholders' fund	1,192	2,305	551	(1,039)	-	3,009
Taxation	(700)	-	(425)	(1,229)	-	(2,354)
Tax expenses attributable to participants	-	-	425	1,229	-	1,654
Tax expenses attributable to Shareholders' fund	(700)	-	-	-	-	(700)
Profit/(loss) for the financial period	492	2,305	551	(1,039)	-	2,309

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

Discontinued Operations

	Shareholders	
	' fund	Total
	RM'000	RM'000
Operating revenue	<u>371</u>	<u>371</u>
Investment income	37	37
Other operating revenue from non-insurance businesses	<u>334</u>	<u>334</u>
Other revenue	<u>371</u>	<u>371</u>
Management expenses	(854)	(854)
Other expenses	<u>(854)</u>	<u>(854)</u>
Loss before taxation	<u>(483)</u>	<u>(483)</u>
Taxation	-	-
Loss for the financial period	<u>(483)</u>	<u>(483)</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

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 current financial period ended 31 March 2016 represent MAA Cards Sdn Bhd (“MAA Cards”), a disposed subsidiary as disclosed in note B10(c) of this report.

To conform to the current financial period’s presentation of financial statements, the preceding financial period’s results of MAA Cards has been reclassified from continuing operations to discontinued operations for comparative purposes.

Current financial quarter ended 31 March 2016 (“1Q-2016”) against preceding year’s corresponding financial quarter ended 31 March 2015 (“1Q-2015”)

Operating revenue

The Group recorded a decrease of 5.5% in total operating revenue to RM136.2 million for 1Q-2016 under review (1Q-2015: RM144.1 million), of which Continuing Operations recorded a decrease of 5.4% to RM136.0 million (1Q-2015: RM143.7 million) and Discontinued Operations recorded a decrease to RM142,000 (1Q-2015: RM371,000).

Under the takaful business, the General Takaful Division recorded a 3.4% decrease in total gross earned contributions to RM71.2 million (1Q-2015: RM73.7 million) mainly due to the decline from motor and personal accident classes of business, whilst the Family Takaful Division’s total gross earned contributions decreased by 6.5% to RM56.3 million (1Q-2015: RM60.2 million), affected by the decline from new business contribution for investment-linked regular and Medical plans.

The Shareholders’ fund recorded total operating revenue of RM4.8 million (1Q-2015: RM5.4 million). Continuing Operations recorded a decrease of 9.8% to RM4.6 million (1Q-2015: RM5.1 million) while Discontinued Operations recorded a decrease to RM142,000 (1Q-2015: RM371,000).

Profit/loss before taxation

The Group recorded a profit before taxation (“PBT”) of RM2.2 million for 1Q-2016 (1Q-2015: PBT of RM2.5 million). Continuing Operations recorded a PBT of RM1.4 million (1Q-2015: PBT of RM3.0 million) whereas Discontinued Operations recorded a PBT of RM0.8 million (1Q-2015: Loss before taxation (“LBT”) of RM0.5 million) mainly from the gain from disposal of MAA Cards.

Under the conventional insurance business, the General Insurance Division comprised wholly of PT MAAG which was deconsolidated on 1 December 2015. PT MAAG recorded a PBT of RM2.3 million in 1Q-2015 mainly from claim liabilities waived via hair-cur negotiations.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 March 2016 ("1Q-2016") against preceding year's corresponding financial quarter ended 31 March 2015 ("1Q-2015") (continued)

Profit/loss before taxation

Under the takaful business, the General Takaful Division recorded a higher surplus of RM3.0 million (1Q-2015: surplus of RM0.7 million) transferred to the Shareholders' fund, mainly contributed by write back of impairment loss for takaful receivables and write back of takaful payables. The Family Takaful Division recorded a higher surplus of RM2.2 million (1Q-2015: RM1.2 million) transferred to the Shareholders' fund from the investment-linked takaful risk fund and a surplus of RM1.6 million (1Q-2015: deficit of RM1.0 million) from the non-investment-linked takaful risk fund.

The Shareholders' fund recorded a PBT of RM0.6 million in 1Q-2016 (1Q-2015: PBT of RM0.7 million) after accounting for the surpluses transferred from the General Takaful fund and Family Takaful fund of RM3.0 million (1Q-2015: RM0.7 million) and RM2.2 million (1Q-2015: RM1.2 million) respectively. Continuing Operations recorded a LBT of RM0.2 million (1Q-2015: PBT of RM1.2 million) and Discontinued Operations recorded a PBT of RM0.8 million (1Q-2015: LBT of RM0.5 million) mainly from the gain from disposal of MAA Cards.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (1Q-2016) AGAINST THE PRECEDING FINANCIAL QUARTER (4Q-2015)

In 1Q-2016, the Group registered a PBT of RM2.2 million (4Q-2015: PBT of RM31.3 million). The PBT recorded in 4Q-2015 was mainly contributed by a net gain of RM48.3 million from the deconsolidation of PT MAAG.

B3. PROSPECTS

Upon the completion of the proposed disposal of MAA Takaful as disclosed in Note B10(b) of this report, the Company will carry on as an investment holding company and will still have continuing operations by virtue of its associates, MAA General Assurance Philippines, Inc ("MAAGAP") and Columbus Capital Pty Limited. Part of the Company's future plan will be to focus on the development of the General insurance business in the Philippines via MAAGAP, including increasing the Group's equity stake therein and the retail mortgage lending and loan securitisation business in Australia. The Company will continuously improve performance of and accelerate the future growth of these businesses.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company. The Company is still in the midst of formulating a regularisation plan that takes cognisance of the effects of the disposal of MAA Takaful and is considering viable investment opportunity for submission to Bursa Securities.

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 31 MARCH 2016

B5. INVESTMENT INCOME

	3 months period ended		3 months period ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Interest income	6,133	7,113	6,133	7,113
Dividend income	481	1,226	481	1,226
Rental income	102	12	102	12
Amortisation of premium	(40)	(276)	(40)	(276)
	6,676	8,075	6,676	8,075
<u>Discontinued Operations</u>				
Interest income	38	37	38	37

B6. REALISED GAINS AND LOSSES – NET

	3 months period ended		3 months period ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Gains/(losses) on disposal of:				
- investments	(1,365)	5,596	(1,365)	5,596
- property, plant and equipment	39	-	39	-
	(1,326)	5,596	(1,326)	5,596
<u>Discontinued Operations</u>				
Gain on disposal of a subsidiary	967	-	967	-

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

B7. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		3 months period ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Net fair value (losses)/gains:				
- investments	(7,119)	9,348	(7,119)	9,348

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		3 months period ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
(Allowance for)/write back of impairment loss on:				
- trade and other receivables	-	(7)	-	(7)
- insurance/takaful receivables	2,075	(2,046)	2,075	(2,046)
- loans from leasing, hire purchase and others receivables	3	84	3	84
Property, plant and equipment written off	(8)	-	(8)	-
Intangible assets written off	(1)	-	(1)	-
Write back of takaful payables	4,301	-	4,301	-
Income from claim liabilities waived	-	2,263	-	2,263
Bad debts recovered	19	19	19	19
Net foreign exchange loss	(874)	(1,586)	(874)	(1,586)
Depreciation of property, plant and equipment	(822)	(823)	(822)	(823)
Amortisation of intangible assets	(331)	(379)	(331)	(379)
Amortisation of leases	(1)	(1)	(1)	(1)
<u>Discontinued Operations</u>				
Depreciation of property, plant and equipment	(3)	(3)	(3)	(3)
Amortisation of intangible assets	(6)	(6)	(6)	(6)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

B9. TAXATION

	3 months period ended		3 months period ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
<u>Current tax</u>				
Current financial quarter/period	1,739	717	1,739	717
Over provision in prior financial quarter/period	(7)	-	(7)	-
	1,732	717	1,732	717
<u>Deferred tax</u>				
Current financial quarter/year	(97)	(17)	(97)	(17)
Tax expense	1,635	700	1,635	700

The Group's effective tax rate for the current and previous financial quarter and period was higher than the statutory tax rate of 24% (2015: 25%) due to certain non-deductible expenses.

B10. CORPORATE PROPOSALS

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

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

Pursuant to Paragraph 8.04(3) of the Listing Requirements, 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 until 30 June 2016 via Bursa Securities’ letters dated 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 June 2016 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 June 2016;
- (ii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

B10. CORPORATE PROPOSALS (continued)

- (b) On 30 November 2015, the Company announced that it has jointly with Solidarity Group Holding BSC (Closed) (“Solidarity”) and Zurich Insurance Company Ltd (“Zurich”) submitted an application to Bank Negara Malaysia (“BNM”) to seek approval of the Minister of Finance Malaysia pursuant to the Islamic Financial Services Act, 2013 to enter into an agreement with Zurich for the proposed disposal of 100% equity interest held in MAA Takaful Berhad (“MAA Takaful”) (“Proposed Disposal”).

On 27 April 2016, the Company announced that it has, via BNM’s letter dated 27 April 2016, obtained the approval of Minister of Finance Malaysia for the Proposed Disposal pursuant to Section 101 of the Islamic Financial Services Act, 2013.

The Company together with Solidarity (collectively, the “Vendors”) had on 4 May 2016 entered into a conditional share purchase agreement (“SPA”) with Zurich (the “Purchaser”) for the Proposed Disposal for a total cash consideration of RM525.00 million to the Purchaser, in accordance with the terms and conditions of the SPA and subject to certain adjustments under which, *inter-alia*, the Company shall be disposing of 75,000,000 ordinary shares of RM1.00 each in MAA Takaful (representing 75% equity interest in MAA Takaful) for a cash consideration of RM393.75 million, in accordance with the terms and conditions of the SPA and subject to certain adjustments (“Disposal Consideration”). Upon the completion of the Proposed Disposal, MAA Takaful will cease to be a 75% owned subsidiary of the Company.

Subsequent to the completion of Proposed Disposal, the Board of Directors of the Company (“Board”) proposes to declare an interim special dividend of RM0.35 for each ordinary share of RM1.00 in the Company held by the shareholders of the Company whose name appear in the record of depositors of Bursa Malaysia Depository Sdn Bhd (“Entitled Shareholders”) on an entitlement date to be determined and announced later by the Board (“Entitlement Date”) (“Proposed Special Dividend”). The total amount under the Proposed Special Dividend shall be payable out of the Disposal Consideration.

The Proposed Special Dividend is conditional upon the Proposed Disposal.

- (c) On 8 September 2015, MAA Corporation Sdn Bhd (“MAA Corp”), a wholly owned subsidiary of the Company and ePROTEA MSC Sdn Bhd (now known as Finexus Sdn Bhd) (“the Purchaser”) had entered into a conditional Share Sale Agreement (“SSA”) for the disposal of the entire issued share capital of MAA Cards (“Sale Shares”). The completion of the SSA is *inter alia*, conditional upon the parties’ obtaining all necessary consents, approvals or clearance from the regulatory authorities for the acquisition of the Sale Shares by the Purchaser. The total consideration for the Sale Shares shall be the aggregate of RM1,000,000 and the amount equivalent to the final net current asset of MAA Cards on completion date.

On 21 March 2016, the Company announced that BNM has via its letter dated 18 March 2016 granted its approval for the disposal of MAA Cards. The Group has completed the disposal on 31 March 2016.

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 31 MARCH 2016

B11. CHANGES IN MATERIAL LITIGATION

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

B12. DIVIDEND PAYABLE

	3 months period ended	
	31.3.2016	31.3.2015
First interim dividend for financial year ending/ended	31 December 2016	31 December 2015
Amount per share	3 sen	3 sen
Declared on	29 February 2016	2 April 2015
Entitlement to dividends based on record of depositors as at	15 March 2016	17 April 2015
Date paid	31 March 2016	30 April 2015
Interim dividend paid	RM8,712,698	RM9,000,302

B13. EARNINGS PER SHARE

	3 months period ended		3 months period ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
<u>Attributable to the Owners of the Company:</u>				
Net (loss)/profit for the financial quarter/period (RM'000)				
- Continuing Operations	(902)	1,304	(902)	1,304
- Discontinued Operations	762	(483)	762	(483)
	(140)	821	(140)	821
Weighted average number of ordinary shares in issue ('000)	292,451	303,381	292,451	303,381
Basic (loss)/earnings per share (sen)				
- Continuing Operations	(0.31)	0.43	(0.31)	0.43
- Discontinued Operations	0.26	(0.16)	0.26	(0.16)
	(0.05)	0.27	(0.05)	0.27

B14. 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 2015 was not qualified.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 31 MARCH 2016

B15. DISCLOSURE OF REALISED AND UNREALISED PROFITS

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 31.3.2016	As at 31.12.2015
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	83,362	91,845
- Unrealised	14,083	14,845
	97,445	106,690
Total share of accumulated profits from associates		
- Realised	1,071	(56)
- Unrealised	3,484	3,928
	4,555	3,872
	102,000	110,562
Add: Consolidation adjustments	1,790	2,081
Total Group retained earnings as per statement of financial position	103,790	112,643

The disclosure of realised and unrealised profits 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: 25 May 2016