

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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 30 September 2016.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have any material effect in the current financial quarter and period ended 30 September 2016.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

A6. DEBT AND EQUITY SECURITIES

During the current financial quarter and period ended 30 September 2016, the Company has purchased a total 13,769,300 and 18,065,700 ordinary shares respectively from the open market at an average price of RM0.94 per share. The total purchase consideration paid for the share buy-back including transaction costs during the current financial quarter and period ended 30 September 2016 amounted to RM12,959,351 and RM17,045,037 respectively 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 30 September 2016, the total number of treasury shares held was 18,574,500 ordinary shares.

Other than above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 30 September 2016.

A7. DIVIDEND PAID

In respect of the financial year ending 31 December 2016, the following dividend payments were made:

- (a) a first interim dividend of 3 sen per ordinary share under the single-tier dividend system totaling RM8,712,698 on 31 March 2016; and
- (b) an interim special dividend of 35 sen per ordinary share under the single-tier dividend system totalling RM100,760,468 paid on 5 August 2016.

For the previous financial period ended 30 September 2015, 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 ended 31 December 2015 totaling RM9,000,302 on 30 April 2015.

A8. SEGMENTAL INFORMATION

The following summary describes the operations in each of the Group's operating segments for the current financial quarter and period ended 30 September 2016:

- Investment holdings
- Education services
- Retail mortgage lending and loan securitisation
- General insurance – underwriting all classes of general insurance business
- General takaful business - underwriting general takaful business
- Family takaful business - underwriting family takaful business
- Shareholders' fund of the takaful business

Other segments comprise hire purchase, leasing and other credit activities, consultancy services and card business.

During the current financial quarter ended 30 September 2016, the Group has re-assessed its operating segments in accordance with MFRS 8.13. Based on the assessment, the Group has reclassified three operations, i.e. education services, retail mortgage lending and loan securitisation and general insurance which met the quantitative thresholds as the Group's operating segments.

In order to conform to the current financial quarter's presentation of segmental information, the preceding financial period's segmental information of these three segments have been restated accordingly.

Other than the stated above, 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:

- (i) 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;
- (ii) as disclosed in note B10(b) and B10(c) of these Interim Reports, the Company has completed the disposal of MAA Takaful Berhad ("MAA Takaful") and MAA Cards Sdn Bhd ("MAA Cards") on 30 June 2016 and 31 March 2016 respectively. Accordingly the total assets and liabilities of MAA Takaful and MAA Cards were deconsolidated upon disposal as they had ceased to be subsidiaries of the Group.

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**A8. SEGMENTAL INFORMATION** (continued)3 months period ended 30 September 2016

	Investment holdings		Education services	Retail mortgage lending and loan securitisation	General insurance	Takaful			Other segments		Total
	<u>Continuing</u> RM'000	<u>Discontinued</u> RM'000				General takaful	Family takaful	Shareholders' fund	<u>Continuing</u> RM'000	<u>Discontinued</u> RM'000	
External revenue	4,263	-	2,220	-	-	-	-	-	19	-	6,502
(Loss)/profit by segments	(100)	-	440	-	-	-	-	-	(587)	-	(247)
Tax expense attributable to participants	-	-	-	-	-	-	-	-	-	-	-
	(100)	-	440	-	-	-	-	-	(587)	-	(247)
Share of profit of associate	-	-	-	207	2,112	-	-	-	-	-	2,319
(Loss)/profit before taxation ^(*)	(100)	-	440	207	2,112	-	-	-	(587)	-	2,072

^(*) consist of profit before taxation from:

	RM'000
- Continuing Operations	2,072
- Discontinued Operations	-
	<u>2,072</u>

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**A8. SEGMENTAL INFORMATION** (continued)9 months period ended 30 September 2016

	Investment holdings		Education services	Retail mortgage lending and loan securitisation	General insurance	Takaful			Other segments		Total
	Continuing	Discontinued				General takaful	Family takaful	Shareholders' fund	Continuing	Discontinued	
	RM'000	RM'000	RM'000	RM'000	RM'000	Discontinued	Discontinued	Discontinued	RM'000	RM'000	RM'000
External revenue	8,116	-	5,922	-	-	148,280	129,094	1,814	70	142	293,438
(Loss)/profit by segments	(17,126)	295,726	721	-	-	2,153	3,794	1,134	(1,435)	(206)	284,761
Tax expense attributable to participants	-	-	-	-	-	(2,153)	773	-	-	-	(1,380)
	(17,126)	295,726	721	-	-	-	4,567	1,134	(1,435)	(206)	283,381
Share of profit of associate	-	-	-	671	3,912	-	-	-	-	-	4,583
(Loss)/profit before taxation ^(*)	(17,126)	295,726	721	671	3,912	-	4,567	1,134	(1,435)	(206)	287,964

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

	RM'000
- Continuing Operations	(13,257)
- Discontinued Operations	301,221
	<u>287,964</u>

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**A8. SEGMENTAL INFORMATION** (continued)

3 months period ended 30 September 2015

	Investment holdings		Education services	Retail mortgage lending and loan securitisation	General insurance	Takaful			Other segments		Total
	<u>Continuing</u> RM'000	<u>Discontinued</u> RM'000	<u>Continuing</u> RM'000	<u>Continuing</u> RM'000	<u>Continuing</u> RM'000	<u>Discontinued</u> RM'000	<u>Discontinued</u> RM'000	<u>Discontinued</u> RM'000	<u>Continuing</u> RM'000	<u>Discontinued</u> RM'000	RM'000
External revenue	2,381	-	2,371	-	44	74,087	59,668	1,017	23	(121)	139,470
(Loss)/profit by segments	(1,811)	-	730	-	(2,533)	(1,452)	(1,554)	816	(603)	(152)	(6,559)
Tax expense attributable to participants	-	-	-	-	-	1,452	632	-	-	-	2,084
	(1,811)	-	730	-	(2,533)	-	(922)	816	(603)	(152)	(4,475)
Share of profit of associate	-	-	-	1,874	1,197	-	-	-	-	-	3,071
(Loss)/profit before taxation ^(*)	(1,811)	-	730	1,874	(1,336)	-	(922)	816	(603)	(152)	(1,404)

(*) consist of loss before taxation from:

	RM'000
- Continuing Operations	(1,146)
- Discontinued Operations	(258)
	<u>(1,404)</u>

MAA GROUP BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**A8. SEGMENTAL INFORMATION** (continued)

9 months period ended 30 September 2015

	Investment holdings		Education services	Retail mortgage lending and loan securitisation	General insurance	Takaful			Other segments		Total
						General takaful	Family takaful	Shareholders' fund			
	Continuing RM'000	Discontinued RM'000	Continuing RM'000	Continuing RM'000	Continuing RM'000	Discontinued RM'000	Discontinued RM'000	Discontinued RM'000	Continuing RM'000	Discontinued RM'000	RM'000
External revenue	7,433	-	6,097	-	133	216,079	196,600	2,910	79	361	429,692
(Loss)/profit by segments	(5,602)	-	1,335	-	(805)	1,909	(1,845)	4,336	1,406	(1,234)	(500)
Tax expense attributable to participants	-	-	-	-	-	(1,358)	(640)	-	-	-	(1,998)
	(5,602)	-	1,335	-	(805)	551	(2,485)	4,336	1,406	(1,234)	(2,498)
Share of profit of associate	-	-	-	649	3,163	-	-	-	-	-	3,812
(Loss)/profit before taxation ^(*)	(5,602)	-	1,335	649	2,358	551	(2,485)	4,336	1,406	(1,234)	1,314

^(*) consist of profit before taxation from:

	RM'000
- Continuing Operations	146
- Discontinued Operations	1,168
	<u>1,314</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

A9. MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the current financial period ended 30 September 2016 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 31 March 2016, MAA Cards ceased to be a subsidiary of the Group as stated in note B10(c) of these Interim Reports.
- (b) On 30 June 2016, MAA Takaful ceased to be a subsidiary of the Group as stated in note B10(b) of these Interim Reports.

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 30 September 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 30 September 2016.

A13. CONTINGENCIES

Details of the Group's contingent liabilities are as follows:

	As at 30.9.2016	As at 31.12.2015
	RM'000	RM'000
Performance bonds and guarantees	-	29,033 [*]

^{*} wholly from MAA Takaful.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

A14. CAPITAL COMMITMENTS

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

	As at 30.9.2016	As at 31.12.2015
	RM'000	RM'000
Authorised and contracted for:		
- Office renovation	-	114 [*]

* wholly from MAA Takaful.

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 20 June 2016 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 30 SEPTEMBER 2016

**A16. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (UNAUDITED)
AS AT 30 SEPTEMBER 2016**

	Shareholders' fund	Total
	RM'000	RM'000
Assets		
Property, plant and equipment	3,813	3,813
Investment properties	17,613	17,613
Intangible assets	298	298
Associates	73,478	73,478
Tax recoverable	209	209
Investments	135,640	135,640
Financial assets at fair value through profit of loss	2,044	2,044
Available-for-sale financial assets	31,287	31,287
Loans and receivables	102,309	102,309
Trade and other receivables	94,950	94,950
Cash and cash equivalents	265,449	265,449
Total assets	591,450	591,450
Equity and liabilities		
Liabilities		
Deferred tax liabilities	138	138
Trade and other payables	21,155	21,155
Current tax liabilities	55	55
Total liabilities	21,348	21,348
Equity and liabilities		
Share capital	292,693	292,693
Treasury shares	(17,490)	(17,490)
Retained earnings	286,829	286,829
Reserves	8,070	8,070
Total equity attributable to the owners of the Company	570,102	570,102
Non-controlling interests	-	-
Total equity	570,102	570,102
Total equity and liabilities	591,450	591,450

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

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

	Shareholders' fund	General takaful	Family takaful	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 30 SEPTEMBER 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

Continuing Operations

	Shareholders' fund	Total
	RM'000	RM'000
Operating revenue	14,108	14,108
Investment income	7,925	7,925
Realised gains and losses – net	25	25
Fair value gains and losses – net	108	108
Other operating revenue from non-insurance businesses	6,183	6,183
Other operating expenses - net	(4,040)	(4,040)
Other revenue	10,201	10,201
Total revenue	10,201	10,201
Management expenses	(28,041)	(28,041)
Other expenses	(28,041)	(28,041)
Share of profit of associates, net of tax	4,583	4,583
Loss before taxation	(13,257)	(13,257)
Taxation	(124)	(124)
Loss for the financial period	(13,381)	(13,381)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

Discontinued Operations

	Shareholders ' fund	General takaful	Family takaful	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,956	148,280	129,094	-	279,330
Gross earned contributions	-	145,031	124,399	-	269,430
Contributions ceded to retakaful operators	-	(92,828)	(7,337)	-	(100,165)
Net earned contributions	-	52,203	117,062	-	169,265
Investment income	1,852	3,249	4,695	-	9,796
Realised gains and losses – net	295,456	43	1,737	-	297,236
Fair value gains and losses - net	70	-	(16,806)	-	(16,736)
Fee and commission income	-	19,730	-	-	19,730
Other operating revenue from non-insurance businesses	104	-	-	-	104
Other operating (expenses)/income - net	(1,558)	7,602	640	-	6,684
Surplus sharing from General takaful	2,017	-	-	(2,017)	-
Surplus sharing from Family takaful	5,740	-	-	(5,740)	-
Wakalah fee from takaful businesses	84,251	-	-	(84,251)	-
Other revenue	387,932	30,624	(9,734)	(92,008)	316,814
Total revenue	387,932	82,827	107,328	(92,008)	486,079
Gross benefits and claims paid	-	(67,644)	(74,112)	-	(141,756)
Claims ceded to retakaful operators	-	40,995	5,865	-	46,860
Gross change to contract liabilities	-	(21,028)	9,816	-	(11,212)
Change in contract liabilities ceded to retakaful operators	-	10,937	2,171	-	13,108
Net takaful benefits and claims	-	(36,740)	(56,260)	-	(93,000)
Fee and commission expense	(46,143)	-	-	-	(46,143)
Management expenses	(44,805)	800	-	-	(44,005)
Expenses liabilities	(330)	-	-	-	(330)
Surplus sharing with Shareholders' fund	-	(2,017)	(5,740)	7,757	-
Wakalah fee payable to Shareholders' fund	-	(42,717)	(41,534)	84,251	-
Other expenses	(91,278)	(43,934)	(47,274)	92,008	(90,478)
Profit before taxation	296,654	2,153	3,794	-	302,601
Tax (expenses)/income attributable to participants	-	(2,153)	773	-	(1,380)
Profit before taxation	296,654	-	4,567	-	301,221
Taxation	(3,729)	(2,153)	773	-	(5,109)
Tax expenses/(income) attributable to participants	-	2,153	(773)	-	1,380
Tax expenses attributable to Shareholders' fund	(3,729)	-	-	-	(3,729)
Profit for the financial period	292,925	-	4,567	-	297,492

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

Continuing Operations

	Shareholders ' fund	General fund	Total
	RM'000	RM'000	RM'000
Operating revenue	13,609	133	13,742
Gross earned premiums	-	1	1
Premiums ceded to reinsurers	-	-	-
Net earned premiums	-	1	1
Investment income	7,320	132	7,452
Realised gains and losses – net	(3,760)	-	(3,760)
Fair value gains and losses - net	1,258	-	1,258
Other operating revenue from non-insurance businesses	6,289	-	6,289
Other operating income/(expenses) - net	8,207	(377)	7,830
Other revenue	19,314	(245)	19,069
Total revenue	19,314	(244)	19,070
Gross benefits and claims paid	-	(6,456)	(6,456)
Claims ceded to reinsurers	-	2,991	2,991
Gross change to contract liabilities	-	11,225	11,225
Change in contract liabilities ceded to reinsurers	-	(7,049)	(7,049)
Net insurance benefits and claims	-	711	711
Management expenses	(22,175)	(1,272)	(23,447)
Other expenses	(22,175)	(1,272)	(23,447)
Share of profit of associates, net of tax	3,812	-	3,812
Profit/(loss) before taxation	951	(805)	146
Taxation	(211)	-	(211)
Profit/(loss) for the financial period	740	(805)	(65)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

**A16. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (RESTATED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

Discontinued Operations

	Shareholders ' fund	General takaful	Family takaful	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	3,271	216,079	196,600	-	415,950
Gross earned contributions	-	212,025	187,513	-	399,538
Contributions ceded to retakaful operators	-	(136,389)	(10,257)	-	(146,646)
Net earned contributions	-	75,636	177,256	-	252,892
Investment income	3,021	4,054	9,087	-	16,162
Realised gains and losses – net	(730)	(188)	5,815	-	4,897
Fair value gains and losses - net	1,371	-	(4,861)	-	(3,490)
Fee and commission income	-	30,706	-	-	30,706
Other operating revenue from non-insurance businesses	250	-	-	-	250
Other operating income/(expenses) - net	13,241	(299)	(13,077)	-	(135)
Surplus sharing from General takaful	1,399	-	-	(1,399)	-
Surplus sharing from Family takaful	7,516	-	-	(7,516)	-
Wakalah fee from takaful businesses	112,533	-	-	(112,533)	-
Other revenue	138,601	34,273	(3,036)	(121,448)	48,390
Total revenue	138,601	109,909	174,220	(121,448)	301,282
Gross benefits and claims paid	-	(81,066)	(124,793)	-	(205,859)
Claims ceded to retakaful operators	-	56,120	8,585	-	64,705
Gross change to contract liabilities	-	(7,264)	1,425	-	(5,839)
Change in contract liabilities ceded to retakaful operators	-	(15,232)	1,033	-	(14,199)
Net takaful benefits and claims	-	(47,442)	(113,750)	-	(161,192)
Fee and commission expense	(73,890)	-	-	-	(73,890)
Management expenses	(61,609)	(2,925)	1,500	-	(63,034)
Expenses liabilities	-	-	-	-	-
Surplus sharing with Shareholders' fund	-	(1,399)	(7,516)	8,915	-
Wakalah fee payable to Shareholders' fund	-	(56,234)	(56,299)	112,533	-
Other expenses	(135,499)	(60,558)	(62,315)	121,448	(136,924)
Profit/(loss) before taxation	3,102	1,909	(1,845)	-	3,166
Tax expenses attributable to participants	-	(1,358)	(640)	-	(1,998)
Profit/(loss) before taxation	3,102	551	(2,485)	-	1,168
Taxation	(2,194)	(1,358)	(640)	-	(4,192)
Tax expenses attributable to participants	-	1,358	640	-	1,998
Tax expenses attributable to Shareholders' fund	(2,194)	-	-	-	(2,194)
Profit/(loss) for the financial period	908	551	(2,485)	-	(1,026)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 30 September 2016 represent MAA Takaful and MAA Cards, subsidiaries disposed as disclosed in note B10(b) and B10(c) of these Interim Reports.

To conform to the current financial period's presentation of financial statements, the preceding financial period's results of MAA Takaful and MAA Cards have been reclassified from Continuing Operations to Discontinued Operations for comparative purposes.

Current financial quarter ended 30 September 2016 ("3Q-2016") against preceding year's corresponding financial quarter ended 30 September 2015 ("3Q-2015")

Operating revenue

The Group recorded total operating revenue of RM6.5 million for 3Q-2016 under review wholly from the Continuing Operations (3Q-2015: RM139.5 million, of which the Continuing Operations recorded RM4.8 million and Discontinued Operations recorded RM134.7 million).

The Shareholders' fund recorded total operating revenue of RM6.5 million wholly from the Continuing Operations (3Q-2015: RM5.7 million, of which the Continuing Operations recorded RM4.8 million and Discontinued Operations recorded RM0.9 million). The higher operating revenue recorded by the Continuing Operations in 3Q-2016 was contributed mainly by higher interest income.

Profit/loss before taxation

The Group recorded a profit before taxation ("PBT") of RM2.1 million for 3Q-2016 wholly from the Continuing Operations (3Q-2015: Loss before taxation ("LBT") of RM1.4 million, of which the Continuing Operations recorded a LBT of RM1.1 million and Discontinued Operations recorded a LBT of RM0.3 million).

The Shareholders' fund recorded a PBT of RM2.1 million for 3Q-2016 wholly from the Continuing Operations (3Q-2015: PBT of RM2.1 million, of which the Continuing Operations recorded a PBT of RM1.4 million and Discontinued Operations recorded a PBT of RM0.7 million). The higher PBT recorded by the Continuing Operations in 3Q-2016 was contributed mainly by higher interest income.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2016 (“FP2016”) against preceding year’s corresponding financial period ended 30 September 2015 (“FP2015”)

Operating revenue

The Group recorded total operating revenue of RM293.4 million for FPE2016 under review (FPE2015: RM429.7 million), of which the Continuing Operations recorded RM14.1 million (FPE2015: RM13.7 million) and Discontinued Operations recorded RM279.3 million (FPE2015: RM416.0 million).

The Shareholders’ fund recorded total operating revenue of RM16.1 million (FPE2015: RM16.9 million). The Continuing Operations recorded a higher operating revenue of RM14.1 million (FPE2015: RM13.6 million) contributed mainly by higher interest income, while Discontinued Operations recorded a lower operating revenue of RM2.0 million (FPE2015: RM3.3 million).

Profit/loss before taxation

The Group recorded a higher PBT of RM287.9 million for FPE2016 under review (FPE2015: PBT of RM1.3 million). The Continuing Operations recorded a LBT of RM13.3 million (FPE2015: PBT of RM0.1 million) whereas Discontinued Operations recorded a higher PBT of RM301.2 million (FPE2015: PBT of RM1.2 million).

The Shareholders’ fund recorded a higher PBT of RM283.4 million for FPE2016 (FPE2015: PBT of RM4.1 million). The Continuing Operations recorded a LBT of RM13.3 million (FPE2015: PBT of RM1.0 million), mainly due to disposal costs of MAA Takaful, unrealised foreign exchange loss on overseas investment property arose from Brexit effects and allowance for impairment loss on other receivables. The Discontinued Operations recorded a higher PBT of RM296.7 million (FPE2015: PBT of RM3.1 million) which included a gain of RM294.8 million from the disposal of MAA Takaful and a gain of RM1.0 million from the disposal of MAA Cards.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (3Q-2016) AGAINST THE PRECEDING FINANCIAL QUARTER (2Q-2016)

In 3Q-2016, the Group registered a PBT of RM2.1 million wholly from the Continuing Operations (2Q-2016: PBT of RM283.7 million, of which the Continuing Operations recorded a LBT of RM12.4 million and Discontinued Operations recorded a PBT of RM296.1 million). The PBT recorded in 2Q-2016 was mainly contributed by a gain of RM294.8 million from the disposal of MAA Takaful.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

B3. PROSPECTS

Subsequent to the completion of the disposal of MAA Takaful as disclosed in Note B10(b) of these Interim Reports, the Company will carry on as an investment holding company with remaining continuing operations held through its associates, MAA General Assurance Philippines, Inc (“MAAGAP”) and Columbus Capital Pty Limited. Moving forward the Company is looking at venturing into new investment opportunities in the manufacturing and education sectors that fit the corporate objectives, risk appetites and are within the available financial capacity of the Company.

At the same time, the Company will also 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. Lastly the Company will undertake internal reorganisation exercise to streamline the Group structure.

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 for submission to Bursa Securities.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. INVESTMENT INCOME

	3 months period ended		9 months period ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM’000	RM’000	RM’000	RM’000
<u>Continuing Operations</u>				
Interest income	4,038	2,420	7,707	7,593
Rental income	116	19	218	45
Amortisation of premium	-	(54)	-	(186)
	4,154	2,385	7,925	7,452
<u>Discontinued Operations</u>				
Interest income	-	4,582	9,070	13,984
Dividend income	-	946	867	2,639
Amortisation of premium	-	(51)	(141)	(461)
	-	5,477	9,796	16,162

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

B6. REALISED GAINS AND LOSSES – NET

	3 months period ended		9 months period ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
(Losses)/gains on disposal of:				
- investments	-	(3,798)	7	(3,731)
- property, plant and equipment	(15)	(29)	18	(29)
	(15)	(3,827)	25	(3,760)
<u>Discontinued Operations</u>				
(Losses)/gains on disposal of:				
- investments	-	(1,825)	1,511	4,925
- property, plant and equipment	-	39	-	(28)
- subsidiaries	-	-	295,725	-
	-	(1,786)	297,236	4,897

B7. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		9 months period ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Net fair value gains/(losses):				
- investments	54	5	108	(31)
- investment properties	-	1,289	-	1,289
	54	1,294	108	1,258
<u>Discontinued Operations</u>				
Net fair value losses:				
- investments	-	(9,528)	(16,736)	(3,490)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

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

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

	3 months period ended		9 months period ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
(Allowance for)/write back of impairment loss on:				
- other receivables	(538)	21	(2,238)	21
- loans from leasing, hire purchase and others receivables	1	2	6	86
Disposal costs of MAA Takaful	-	-	(2,500)	-
Property, plant and equipment written off	(20)	-	(60)	-
Intangible assets written off	-	-	(1)	-
Income from claim liabilities waived	-	96	-	2,525
Bad debts recovered	15	14	49	50
Net foreign exchange gain/(loss)	18	652	(2,145)	1,505
Depreciation of property, plant and equipment	(254)	(177)	(605)	(632)
Amortisation of intangible assets	(30)	(22)	(57)	(63)
Amortisation of leases	(1)	(1)	(2)	(2)
<u>Discontinued Operations</u>				
(Allowance for)/write back of impairment loss on:				
- other receivables	-	27	(27)	-
- takaful receivables	-	(3,338)	827	(1,425)
Property, plant and equipment written off	-	-	(16)	-
Intangible assets written off	-	-	(383)	-
Write back of takaful payables	-	-	6,666	-
Depreciation of property, plant and equipment	-	(594)	(1,286)	(1,865)
Amortisation of intangible assets	-	(406)	(636)	(1,053)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

B9. TAXATION

	3 months period ended		9 months period ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
<u>Current tax</u>				
Current financial quarter/period	79	136	106	242
Over provision in prior financial quarter/period	(6)	-	(13)	(11)
	73	136	93	231
<u>Deferred tax</u>				
Current financial quarter/period	50	(6)	31	(20)
Tax expense	123	130	124	211
<u>Discontinued Operations</u>				
<u>Current tax</u>				
Current financial quarter/period	-	655	3,705	2,185
<u>Deferred tax</u>				
Current financial quarter/period	-	(39)	24	9
Tax expense	-	616	3,729	2,194

The Group's effective tax rate for the current financial quarter and period was lower than the statutory tax rate of 24% (2015: 25%) due to certain gains not subject to tax. The Group's effective tax rate for the previous financial quarter and period was higher than the statutory tax rate of 24% (2015: 25%) due to certain non-deductible expenses and non-recognition of deferred tax assets on the losses recorded by certain subsidiaries.

B10. CORPORATE PROPOSALS

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

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of 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 31 December 2016 via Bursa Securities’ letters dated 21 July 2016, 18 February 2016, 4 August 2015, 23 March 2015, 21 October 2014, 11 March 2014, 1 August 2013 and 20 December 2012.

The extension of time of up to 31 December 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 31 December 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.

On 4 October 2016 and 1 November 2016, the Company announced that it is still in the midst of formulating a regularisation plan for submission to the Bursa Securities for approval.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 (“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 completion of the Proposed Disposal.

On 28 June 2016, the Company announced that the Proposed Disposal was approved by the Shareholders at the Extraordinary General meeting which was held on the same day.

On 30 June 2016, the Company announced that the Proposed Disposal has been completed on the same day.

On 4 July 2016, the Company announced the Proposed Special Dividend which was paid on 5 August 2016 as disclosed in Note A7 of these Interim Reports.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

B10. CORPORATE PROPOSALS (continued)

- (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.

B11. CHANGES IN MATERIAL LITIGATION

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

B12. DIVIDEND PAYABLE

On 5 September 2016, the Board of Directors declared a second interim dividend of 3 sen per ordinary share under the single-tier dividend system in respect of the financial year ending 31 December 2016 to be paid on 10 October 2016. The entitlement date for the dividend payment is 22 September 2016.

The total interim dividends for the current financial period ended 30 September 2016 is 41.0 sen per ordinary share (2015: 6.0 sen).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016

B13. EARNINGS PER SHARE

	3 months period ended		9 months period ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter/period (RM'000)				
- Continuing Operations	1,949	(644)	(13,833)	86
- Discontinued Operations	-	(874)	297,492	(1,026)
	1,949	(1,518)	283,659	(940)
Weighted average number of ordinary shares in issue ('000)	291,414	301,698	288,980	300,612
Basic earnings/(loss) per share (sen)				
- Continuing Operations	0.67	(0.21)	(4.79)	0.03
- Discontinued Operations	-	(0.29)	102.95	(0.34)
	0.67	(0.50)	98.16	(0.31)

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 30 SEPTEMBER 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 30.9.2016	As at 31.12.2015
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	267,016	91,845
- Unrealised	9,115	14,845
	276,131	106,690
Total share of accumulated profits/(loss) from associates		
- Realised	5,226	(56)
- Unrealised	3,229	3,928
	8,455	3,872
	284,586	110,562
Add: Consolidation adjustments	2,243	2,081
Total Group retained earnings as per statement of financial position	286,829	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: 29 November 2016