

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

**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"), paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the requirements of Companies Act, 2016.

Companies Act 2016

Companies Act 2016 ("New Act") was enacted to replace Companies Act, 1965. The New Act becomes effective on 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company will cease to have par value or nominal value; and
- (iii) the Company's capital redemption reserves will become part of the Company's share capital.

The adoption of the above did not have financial impact to the consolidated financial statements of the Group in the financial period ended 30 September 2017.

These unaudited Interim Reports should be read in conjunction with the Group's consolidated audited financial statements for the financial year ended 31 December 2016. 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 2016.

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 2016.

The following amendments to MFRSs and annual improvements to MFRSs that are effective from financial year beginning on or after on 1 January 2017 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:

- Amendments to MFRS 12 Disclosures of Interests in Other Entities
- Amendments to MFRS 107 Statements of Cash Flows – *Disclosure Initiative*
- Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements to MFRSs 2014-2016 Cycle

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following MFRSs, amendments to MFRSs 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 2018

- Amendments to MFRS 140 Investment Property – *Transfer of Investment Property*
- IC interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments – *Classification and Measurement of Financial Assets and Financial Liabilities*
- Amendments to MFRS 4 - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Annual Improvements to MFRS 2014-2016 Cycle
 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendments to MFRS 128 Investment in Associates and Joint Ventures
- Amendments to MFRS 2 Share-based Payment – *Classification and Measurement of Share-based Payment Transactions*

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, amendments to MFRSs and annual improvements to MFRSs when they become effective in the respective financial periods. These MFRSs, amendments to MFRSs and annual improvements to MFRSs except MFRS 9 are not expected to have material financial impact to the consolidated financial statements of the Group upon their first adoption. MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Towards this, the Group has commenced initial work with gap analysis to understand and assess the financial impact upon the first adoption of MFRS 9.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

A3. SEASONAL OR CYCLICAL FACTORS

The Group's business operations were not significantly affected by any seasonal or cyclical factors in the current financial quarter and period ended 30 September 2017.

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 2017.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have material effect in the current financial quarter and period ended 30 September 2017.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period ended 30 September 2017.

A7. DIVIDEND PAID

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

In respect of the financial year ended 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 was paid 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 was paid on 5 August 2016.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

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 2017:

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

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

3 months period ended 30 September 2017

Continuing Operations

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,600	1,519	-	38,032	21	42,172
(Loss)/profit before taxation before share of profit of associates	(2,638)	(82)	-	2,387	(321)	(654)
Share of profit of associates	-	-	1,864	-	-	1,864
(Loss)/profit before taxation ^(*)	(2,638)	(82)	1,864	2,387	(321)	1,210

^(*) Profit before taxation from:
- Continuing Operations
- Discontinued Operations
Consolidated

RM'000
1,210
-
<u>1,210</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

A8. SEGMENTAL INFORMATION (continued)

9 months period ended 30 September 2017

Continuing Operations

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	8,610	4,370	-	62,227	73	75,280
Profit/(loss) before taxation before share of profit of associates	22,721	77	-	4,572	(837)	26,533
Share of profit of associates	-	-	3,733	2,321	-	6,054
Profit/(loss) before taxation ^(*)	22,721	77	3,733	6,893	(837)	32,587

^(*) Profit before taxation from:
- Continuing Operations
- Discontinued Operations
Consolidated

RM'000
32,587
-
32,587

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

A8. SEGMENTAL INFORMATION (continued)

3 months period ended 30 September 2016

Continuing Operations

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	4,263	2,219	-	-	20	6,502
(Loss)/profit before taxation before share of profit of associates	(1,068)	440	-	-	381	(247)
Share of profit of associates	-	-	207	2,112	-	2,319
(Loss)/profit before taxation ^(*)	(1,068)	440	207	2,112	381	2,072

Discontinued Operations

	Investment holdings	Takaful	Other segments	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	-	-	-	-
Profit before taxation	-	-	-	-
Tax income attributable to participants	-	-	-	-
Profit before taxation ^(*)	-	-	-	-

^(*) Profit/(loss) before taxation from:	RM'000
- Continuing Operations	2,072
- Discontinued Operations	-
Consolidated	<u>2,072</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

A8. SEGMENTAL INFORMATION (continued)

9 months period ended 30 September 2016

Continuing Operations

	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	8,116	5,922	-	-	70	14,108
(Loss)/profit before taxation before share of profit of associates	(17,126)	722	-	-	(1,436)	(17,840)
Share of profit of associates	-	-	671	3,912	-	4,583
(Loss)/profit before taxation ^(*)	(17,126)	722	671	3,912	(1,436)	(13,257)

Discontinued Operations

	Investment holdings	Takaful	Other segments	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	-	279,237	142	279,379
Profit/(loss) before taxation	295,726	7,080	(205)	302,601
Tax expenses attributable to participants	-	(1,380)	-	(1,380)
Profit/(loss) before taxation ^(*)	295,726	5,700	(205)	301,221

^(*) Profit/(loss) before taxation from:	RM'000
- Continuing Operations	(13,257)
- Discontinued Operations	301,221
Consolidated	<u>287,964</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

A9. MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the current financial period ended 30 September 2017 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

- (a) As stated in note B11(b) of these Interim Reports, MAA General Assurance Philippines, Inc. ("MAAGAP") became a 70% subsidiary of the Group on 19 April 2017.

Subsequently on 31 May 2017, MAAGAP settled fully the amounts due to its immediate holding company, MAA International Group Ltd ("MAAIG")(formerly known as MAA International Assurance Ltd) via issue of new shares, where the Group's equity interest in MAAGAP increased further from 70% to 74%.

- (b) Keris Murni Sdn Bhd, Jaguh Suria Sdn Bhd, Genting Mutiara Sdn Bhd and Pelangi Tegas Sdn Bhd ceased to be subsidiaries of the Group as stated in note B11(e) of these Interim Reports.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss if any. There were no revaluations of property, plant and equipment during the current financial quarter and period ended 30 September 2017.

A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group were carried at revalued amount at the financial year ended 31 December 2016. During the financial period ended 30 September 2017, the Group has revalued its investment properties and the losses arising from changes in fair values therein have been recognised in the income statement.

A13. CONTINGENCIES

There were no contingent assets and liabilities as at the end of the financial period ended 30 September 2017.

A14. CAPITAL COMMITMENTS

There were no capital commitment for the purchase of property, plant and equipment as at the end of the financial period ended 30 September 2017.

A15 RELATED PARTY DISCLOSURES

All related party transactions within the Group had been entered in the normal course of business in accordance with the Shareholders' mandate procured on 25 May 2017 under Chapter 10 of the MMLR of Bursa Securities and were carried out on normal commercial terms.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

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 previous financial period ended 30 September 2016 represent MAA Takaful Berhad (“MAA Takaful”) and MAA Cards Sdn Bhd (“MAA Cards”), subsidiaries disposed during that year. There are no Discontinued Operations in the current financial period ended 30 September 2017.

As stated in note A10(a) and B11(b) of these Interim Reports, MAAGAP became a subsidiary of the Group with effect from 19 April 2017. Arising from this business combination, the results of MAAGAP are consolidated in the Group’s interim financial results effective from May 2017.

Current financial quarter ended 30 September 2017 (“3Q-2017”) against preceding year’s corresponding financial quarter ended 30 September 2016 (“3Q-2016”)

	3Q-2017	3Q-2016
	RM’000	RM’000
<u>Group</u>		
Operating revenue		
- Continuing Operations	42,172	6,502
- Discontinued Operations	-	-
	42,172	6,502
Profit before taxation		
- Continuing Operations	1,210	2,072
- Discontinued Operations	-	-
	1,210	2,072

In 3Q-2017 under review, the Group recorded a higher total operating revenue of RM42.2 million (3Q-2016: RM6.5 million) wholly from the Continuing Operations, mainly comprised of gross earned premiums of RM36.3 million (3Q-2016: nil) contributed by the General Insurance business held via MAAGAP.

The Group recorded a lower Profit before taxation (“PBT”) of RM1.2 million (3Q-2016: PBT of RM2.1 million) wholly from the Continuing Operations. The profit in 3Q-2017 was contributed by PBT of RM2.4 million (3Q-2016: nil) from the General Insurance business and a share of profit after taxation of RM1.9 million (3Q-2016: RM0.2 million) from the Retail Mortgage Lending business, offset by a Loss before taxation (“LBT”) of RM2.6 million (3Q-2016: LBT of RM1.1 million) from the Investment Holding segment.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2017 ("3Q-2017") against preceding year's corresponding financial quarter ended 30 September 2016 ("3Q-2016") (continued)

Investment Holdings

Key financial performance	3Q-2017	3Q-2016
	RM'000	RM'000
Operating revenue		
- Continuing Operations	2,600	4,263
Loss before taxation		
- Continuing Operations	(2,638)	(1,068)
- Discontinued Operations	-	-
	(2,638)	(1,068)

Total operating revenue of Investment Holdings segment comprised mainly of interest income decreased by 39.5% to RM2.6 million (3Q-2016: 4.3 million) in 3Q-2017, mainly due to deployment of funds from fixed deposit placements for interim dividend payments.

In 3Q-2017, the Continuing Operations of Investment Holdings segment recorded a LBT of RM2.6 million (3Q-2016: LBT of RM1.1 million) arose mainly from lower interest income though an adjustment of RM1.8 million was recognised to reduce the PV Charge to the Retained Consideration.

Education Services

Key financial performance	3Q-2017	3Q-2016
	RM'000	RM'000
Operating revenue	1,519	2,219
(Loss)/profit before taxation	(82)	440

Total operating revenue of Education Services segment consists of tuition fee income recorded a 31.8% decrease to RM1.5 million (3Q-2016: RM2.2 million) in 3Q-2017 due mainly to reduction in students enrollment.

In 3Q-2017, Education Services segment recorded a LBT of RM82,000 (3Q-2016: PBT of RM440,000) caused mainly by reduction in tuition fee income.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2017 ("3Q-2017") against preceding year's corresponding financial quarter ended 30 September 2016 ("3Q-2016") (continued)

Retail Mortgage Lending

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

Key financial performance	3Q-2017		3Q-2016	
	AUD'000	RM'000	AUD'000	RM'000
Operating revenue	28,415	95,852	20,670	63,472
Profit before taxation	1,643	5,541	468	1,441
Group's share of profit after taxation	551	1,864	69	207
Currency exchange rate	1 RM = 0.2970 AUD		1 RM = 0.3265 AUD	

CCA's operating revenue consists of loan interest and fee income. In 3Q-2017, the operating revenue grew to RM95.9 million, a 51.0% increase compared to 3Q-2016 of RM63.5 million, on the back of higher assets under management from AUD 1.63 billion as at 30 September 2016 to AUD 2.32 billion as at 30 September 2017.

CCA recorded a higher PBT from RM1.4 million in 3Q-2016 to RM5.5 million in 3Q-2017, driven mainly by higher operating revenue and increase in gross operating profit margin from 13.7% in 3Q-2016 to 18.6% in 3Q-2017.

In 3Q-2017, CCA has contributed a higher share of profit after taxation of RM1.9 million (3Q-2016: RM0.2 million).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 30 September 2017 ("3Q-2017") against preceding year's corresponding financial quarter ended 30 September 2016 ("3Q-2016") (continued)

General Insurance

The Group's General Insurance business in the Philippines is held via MAAGAP that became a subsidiary on 19 April 2017 from earlier an associated company.

Key financial performance	3Q-2017		3Q-2016	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	472,372	39,620	378,434	32,535
Underwriting surplus	65,766	5,456	98,146	8,438
Investment income	26,087	2,186	30,168	2,590
Claim ratio in %	47%	47%	36%	36%
Commission ratio in %	30%	30%	31%	31%
Profit before taxation	29,176	2,387	76,826	6,601
Currency exchange rate	1 RM= 11.92 Php		1 RM= 11.64 Php	
MAAGAP's profit contribution to the Group				
- as an associated company till 18 April 2017	-	-	24,623	2,112
- as a subsidiary effective on 19 April 2017	29,176	2,387	-	-
	29,176	2,387	24,623	2,112

In 3Q-2017, GPW grew by 21.8% from RM32.5 million in 3Q-2016 to RM39.6 million, driven mainly by growth in the production of both motor and non-motor classes of business. Motor and non-motor businesses contributed 40% (3Q-2016: 41%) and 60% (3Q-2016: 59%) respectively of the total GPW in 3Q-2017.

MAAGAP registered a lower PBT of RM2.4 million in 3Q-2017, a 63.6% decrease over RM6.6 million in 3Q-2016. The lower profit arose mainly from lower underwriting surplus amounting to RM5.5 million (3Q-2016: RM8.4 million) caused by higher claim ratio of 47% (3Q-2016: 36%) mainly from fire, marine, bond, engineering and general account class of businesses, lower investment income of RM2.2 million (3Q-2016: RM2.6 million) and higher impairment loss for insurance receivables of RM0.6 million (3Q-2016: RM0.1 million).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2017 (“FPE2017”) against preceding year’s corresponding financial period ended 30 September 2016 (“FPE2016”)

	FPE2017	FPE2016
	RM’000	RM’000
<u>Group</u>		
Operating revenue		
- Continuing Operations	75,280	14,108
- Discontinued Operations	-	279,379
	75,280	293,487
Profit/(loss) before taxation		
- Continuing Operations	32,587	(13,257)
- Discontinued Operations	-	301,221
	32,587	287,964

The Group recorded total operating revenue of RM75.3 million for FPE2017 under review (FPE2016: RM293.5 million). The Continuing Operations recorded a higher operating revenue of RM75.3 million (FPE2016: RM14.1 million) mainly comprised of gross earned premiums of RM59.4 million (FPE2016: nil) contributed by the General Insurance business held via MAAGAP and higher investment income of RM11.3 million (FPE2016: RM7.9 million). The Discontinued Operations recorded total operating revenue of RM279.4 million in FPE2016 mainly from MAA Takaful with total operating revenue of RM279.2 million.

The Group recorded a PBT of RM32.6 million (FPE2016: PBT of RM288.0 million). The Continuing Operations recorded a PBT of RM32.6 million (FPE2016: LBT of RM13.3 million) mainly attributed by other income arising from settlement with other receivable of RM20.0 million, reserve arising from business combination of RM15.4 million related to MAAGAP, an adjustment of RM1.8 million to reduce the PV Charge to the Retained Consideration and PBT of RM4.6 million (FPE2016: nil) contributed by the General Insurance business. The Discontinued Operations recorded a PBT of RM301.2 million in FPE2016 contributed mainly by 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.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2017 (“FPE2017”) against preceding year’s corresponding financial period ended 30 September 2016 (“FPE2016”) (continued)

Investment Holdings

Key financial performance	FPE2017	FPE2016
	RM'000	RM'000
Operating revenue		
- Continuing Operations	8,610	8,116
Profit/(loss) before taxation		
- Continuing Operations	22,721	(17,126)
- Discontinued Operations	-	295,726
	22,721	278,600
Assets	489,593	584,399
Liabilities	8,676	20,064

Total operating revenue of Investment Holdings segment comprised mainly of interest income recorded an increase of 6.2% to RM8.6 million (FPE2016: 8.1 million) in FPE2017.

In FPE2017, the Continuing Operations of Investment Holdings segment recorded a PBT of RM22.7 million (FPE2016: LBT of RM17.1 million) mainly attributed by other income arising from settlement with other receivable of RM20.0 million, reserve arising from business combination of RM15.4 million related to MAAGAP and an adjustment of RM1.8 million to reduce the PV Charge to the Retained Consideration. The profit recorded in FPE2016 by Discontinued Operations comprised mainly by 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.

As at 30 September 2017, Investment Holdings segment’s assets were lower at RM489.6 million due mainly to interim dividend payments totalling RM24.7 million made during the period of 1 October 2016 to 30 September 2017, total purchase consideration made for shares buy-back including transaction costs amounted to RM0.6 million and final downward price adjustment payment of RM29.4 million in relation to the Company’s initial disposal consideration of RM300 million from the disposal of MAA Takaful.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2017 ("FPE2017") against preceding year's corresponding financial period ended 30 September 2016 ("FPE2016") (continued)

Education Services

Key financial performance	FPE2017	FPE2016
	RM'000	RM'000
Operating revenue	4,370	5,922
Profit before taxation	77	722
Assets	1,399	2,379
Liabilities	384	719

Total operating revenue of Education Services segment consists of tuition fee income recoded a 25.4% decrease to RM4.4 million (FPE2016: RM5.9 million) in FPE2017 due mainly to reduction in students enrollment.

In FPE2017, Education Services segment recorded a lower PBT of RM77,000 (FPE2016: RM722,000) caused by reduction in tuition fee income.

As at 30 September 2017, Education Services segment's assets and liabilities were lower at RM1.4 million and RM384,000 respectively due mainly to deconsolidation of subsidiaries which have commenced shareholders' voluntary winding up as stated in note B11(e) of these Interim Reports.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2017 (“FPE2017”) against preceding year’s corresponding financial period ended 30 September 2016 (“FPE2016”) (continued)

Retail Mortgage Lending

The Group’s Retail Mortgage Lending business operating in Australia is held via 48% associated company CCA.

Key financial performance	FPE2017		FPE2016	
	AUD’000	RM’000	AUD’000	RM’000
Operating revenue	75,287	250,916	62,326	188,650
Profit before taxation	3,440	11,452	1,026	3,102
Group’s share of profit after taxation	1,120	3,733	230	671
Currency exchange rate	1 RM = 0.2930 AUD		1 RM = 0.3319 AUD	

CCA’s operating revenue consists of loan interest and fee income. In FPE2017, the operating revenue grew to RM250.9 million, a 33.0% increase compared to FPE2016 of RM188.7 million, on the back of higher assets under management from AUD 1.63 billion as at 30 September 2016 to AUD 2.32 billion as at 30 September 2017.

CCA recorded a higher PBT from RM3.1 million in FPE2016 to RM11.5 million in FPE2017, driven mainly by higher operating revenue and increase in gross operating profit margin from 14.4% in FPE2016 to 16.1% in FPE2017.

In FPE2017, CCA has contributed a higher share of profit after taxation of RM3.7 million (FPE2016: RM0.7 million).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2017 (“FPE2017”) against preceding year’s corresponding financial period ended 30 September 2016 (“FPE2016”) (continued)

General Insurance

The Group’s General Insurance business in the Philippines is held via MAAGAP that became a subsidiary on 19 April 2017 from earlier an associated company.

Key financial performance	FPE2017		FPE2016	
	PHP’000	RM’000	PHP’000	RM’000
Gross premium written (“GPW”)	1,397,169	120,685	1,226,315	105,974
Underwriting surplus	228,851	19,767	227,212	19,601
Investment income	70,942	6,089	60,915	5,204
Claim ratio in %	46%	46%	42%	42%
Commission ratio in %	28%	28%	27%	27%
Profit before taxation	140,533	12,141	139,730	11,994
Assets	3,559,674	292,578	2,626,315	223,615
Liabilities	2,289,758	188,200	1,737,644	147,950
Currency exchange rate	1 RM = 11.59 Php		1 RM = 11.58 Php	
MAAGAP’s profit contribution to the Group				
- as an associated company till 18 April 2017	26,372	2,321	45,651	3,912
- as a subsidiary effective on 19 April 2017	54,583	4,572	-	-
	80,955	6,893	45,651	3,912

In FPE2017, GPW grew by 13.9% from RM106.0 million in FPE2016 to RM120.7 million, driven mainly by growth in the production of both motor and non-motor classes of business. Motor and non-motor businesses contributed 42% (FPE2016: 40%) and 58% (FPE2016: 60%) respectively of the total GPW in FPE2017.

Despite of the premium growth, MAAGAP registered a marginal higher PBT of RM12.1 million in FPE2017 over RM12.0 million in FPE2016, mainly affected by higher claim ratio of 46% (FPE2016: 42%) mainly from motor, fire, marine, bond and engineering class of businesses, increase in management expenses by RM1.1 million to RM13.7 million (FPE2016: RM12.6 million) mainly increase in staff costs and EDP expenses and higher allowance for impairment loss on insurance receivables of RM0.7 million (FPE2016: RM0.3 million).

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial period ended 30 September 2017 (“FPE2017”) against preceding year’s corresponding financial period ended 30 September 2016 (“FPE2016”) (continued)

General Insurance (continued)

MAAGAP’s total assets grew by 30.8% from RM223.6 million as at 30 September 2016 to RM292.6 million as at 30 September 2017 contributed by increase in financial investments held. Total liabilities increased by 27.2% to RM188.2 million as at 30 September 2017 (30 September 2016: RM148.0 million), attributed by 26.3% increase in insurance contract liabilities to RM139.4 million (30 September 2016: RM110.4 million) consistent with the growth in business written.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (3Q-2017) AGAINST THE PRECEDING FINANCIAL QUARTER (2Q-2017)

In 3Q-2017, the Group recorded a PBT of RM1.2 million (2Q-2017: PBT of RM31.9 million) wholly from Continuing Operations.

The profit in 2Q-2017 was mainly attributed by other income arising from settlement with other receivable of RM20.0 million, reserve arising from business combination of RM15.4 million related to MAAGAP and PBT of RM2.2 million contributed by the General Insurance business.

B3. PROSPECTS

The Group's General Insurance business in the Philippines held via subsidiary MAAGAP continued its commendable growth in gross written premium (+13.9%), albeit a marginally lower profit before taxation (-1.7%) for the current financial period ended 30 September 2017, due to higher claims experience caused by catastrophe events that hit the country. MAAGAP will continue its efforts to implement action plans involving enhancement of products offering, expand distribution channels and customer service levels using information technology and active monitoring of performance by classes of business and investments to maintain profitability of the company.

On Australia front, the Reserve Bank of Australia ("RBA") has maintained its official cash rate at the historical low of 1.5% since August 2016, supported by a strong domestic jobs market and low inflation expectations with general upbeat view on the domestic economic. These favourable economic indicators would enable the Retail Mortgage Lending business of the Group held via associated company CCA, to maintain steady funding costs to support its profit margin while continuing its focus to grow the loan book for the remaining year of 2017.

The remaining current year will remain challenging for the Group's Education Services business in view that the enrolled student numbers for tuition and tuition fee income will decline at the tail end of school academic year. Towards this, the Education Services has implemented several strategies including centralization of Kuala Lumpur tuition centers, closure of unprofitable centers after feasibility study, rescheduling of timetable, recruitment of qualify tutors and strengthening of marketing initiatives to achieve a turnaround outcome.

The Company via its Investment Holdings business continues its efforts to explore other investment opportunities with reasonable pricing and long-term sustainable profits under the present challenging economic conditions in Malaysia to address the PN17 status. Further announcement on the development will be made in due course taking into consideration the extension of time up to 31 December 2017 as approved by Bursa Securities to submit a regularisation plan.

In light of the prospects of the operating segments of the Group mentioned above, the Board expects the Group to perform satisfactorily for the remaining year of 2017.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. DISCONTINUED OPERATIONS

Statement of Profit of Loss
For the financial period ended 30 September 2016

	RM'000
Operating revenue	<u>279,379</u>
Gross earned contributions	269,430
Contributions ceded to retakaful operators	<u>(100,165)</u>
Net earned contributions	<u>169,265</u>
Investment income	9,845
Realised gains and losses – net	297,236
Fair value gains and losses - net	(16,785)
Fee and commission income	19,730
Other operating revenue from non-insurance businesses	104
Other operating income - net	<u>6,684</u>
Other revenue	<u>316,814</u>
Total revenue	<u>486,079</u>
Gross benefits and claims paid	(141,756)
Claims ceded to retakaful operators	46,860
Gross change to contract liabilities	(11,212)
Change in contract liabilities ceded to retakaful operators	<u>13,108</u>
Net takaful benefits and claims	<u>(93,000)</u>
Fee and commission expense	(46,143)
Management expenses	(44,005)
Expenses liabilities	<u>(330)</u>
Other expenses	<u>(90,478)</u>
Profit before taxation	<u>302,601</u>
Tax expenses attributable to participants	(1,380)
Profit before taxation	<u>301,221</u>
Taxation	<u>(5,109)</u>
Tax expenses attributable to participants	<u>1,380</u>
Tax expenses attributable to Shareholders' fund	<u>(3,729)</u>
Profit for the financial period	<u>297,492</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B6. INVESTMENT INCOME

	3 months period ended		9 months period ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Interest income	3,615	4,038	9,113	7,707
Dividend income	527	-	1,971	-
Rental income	120	116	187	218
	4,262	4,154	11,271	7,925
<u>Discontinued Operations</u>				
Interest income	-	-	-	9,069
Dividend income	-	-	-	867
Amortisation of premium	-	-	-	(91)
	-	-	-	9,845

B7. REALISED GAINS AND LOSSES – NET

	3 months period ended		9 months period ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Gains/(losses) on disposal of:				
- investments	484	-	1,275	7
- property, plant and equipment	(8)	(15)	45	18
	476	(15)	1,320	25
<u>Discontinued Operations</u>				
Gains on disposal of:				
- investments	-	-	-	1,510
- subsidiaries	-	-	-	295,726
	-	-	-	297,236

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B8. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		9 months period ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Net fair value gains/(losses) on:				
- investments	23	54	11	108
- investment properties	(164)	-	(8,089)	-
	(141)	54	(8,078)	108
<u>Discontinued Operations</u>				
Net fair value losses on:				
- investments	-	-	-	(16,785)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B9. 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	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
(Allowance for)/write back of impairment loss on:				
- other receivables	(79)	(538)	(45)	(2,238)
- loans from leasing, hire purchase and others receivables	-	1	1	6
- insurance receivables	(635)	-	(676)	-
- investments	-	-	189	-
Disposal costs of MAA Takaful	-	-	-	(2,500)
Property, plant and equipment written off	(34)	(20)	(34)	(60)
Intangible assets written off	-	-	-	(1)
Bad debts recovered	2	15	56	49
Realised foreign exchange (losses)/gains	(636)	(9)	(711)	18
Unrealised foreign exchange gains/(losses)	291	27	(30)	(2,163)
Other income arising from settlement with other receivable	-	-	20,000	-
Reserve arising from business combination	-	-	15,413	-
Gain on remeasurement of previously held equity interest held in an associate	-	-	2,496	-
Loss on deconsolidation of subsidiaries	(668)	-	(668)	-
Adjustment to reduce PV Charge to Retained Consideration	1,841	-	1,841	-
Depreciation of property, plant and equipment	(257)	(254)	(683)	(605)
Amortisation of intangible assets	(20)	(30)	(54)	(57)
Amortisation of leases	-	(1)	(1)	(2)
<u>Discontinued Operations</u>				
(Allowance for)/write back of impairment loss on:				
- other receivables	-	-	-	(27)
- takaful receivables	-	-	-	827
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	-	-	-	(1,287)
Amortisation of intangible assets	-	-	-	(637)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B10. TAXATION

	3 months period ended		9 months period ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
<u>Current tax</u>				
Current financial quarter/period	675	79	898	106
Over provision in prior financial quarter/period	(1,079)	(6)	(1,079)	(13)
	(403)	73	(180)	93
<u>Deferred tax</u>				
Current financial quarter/period	250	50	1,044	31
Tax (income)/expense	(153)	123	864	124
<u>Discontinued Operations</u>				
<u>Current tax</u>				
Current financial quarter/period	-	-	-	3,705
<u>Deferred tax</u>				
Current financial quarter/period	-	-	-	24
Tax expense	-	-	-	3,729

The Group's effective tax rate for the current and previous financial quarter and period was lower than the statutory tax rate of 24% due to certain income/gains not subject to tax.

B11. CORPORATE PROPOSALS

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

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

Pursuant to Paragraph 8.04(3) of the MMLR, the Company is required to regularise its condition by undertaking a regularisation plan. The regularisation plan was required to be submitted to Bursa Securities on 30 September 2012, and was subsequently extended until to 31 December 2017 via Bursa Securities’ letters dated 18 July 2017, 16 February 2017, 21 July 2016, 18 February 2016, 4 August 2015, 23 March 2015, 21 October 2014, 11 March 2014, 1 August 2013 and 20 December 2012.

The extension of time of up to 31 December 2017 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 2017;
- (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 on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company’s right to appeal against the delisting.

B11. CORPORATE PROPOSALS (continued)

- (b) On 6 December 2016, the Company announced that MAAIG, a wholly owned subsidiary of MAA Corporation Sdn Bhd, had on the same date remitted a sum of PHP300 million to subscribe for additional 300,000 new shares with par value of PHP1,000.00 per share (“Proposed Subscription”) of MAAGAP, a licensed general insurance company operating in the Republic of Philippines. The Proposed Subscription is subject to the approval of regulatory authority in the Philippines.

On 21 April 2017, the Company announced that MAAGAP has received approval from Securities & Exchange Commission of Philippines vide its letter dated 19 April 2017 for the increase in the authorised and paid-up share capital of MAAGAP via the capital injection of PHP300 million by MAAIG, MAAGAP will now be a 70% subsidiary of MAAIG.

- (c) On 6 December 2016, MAAIG applied to Labuan Financial Services Authority (“LFSA”) to surrender its Labuan composite insurance license premised that since the second half of 2014 it had ceased all the previous offshore reinsurance and investment-linked businesses and also taking into consideration the high compliance cost. Presently the principal activity of MAAIG is investment holding and it does not have plan to re-active its insurance business.

On 5 January 2017, the Company announced that LFSA had vide its letter dated 3 January 2017 granted approval to MAAIG to surrender the Labuan composite insurance license effective 31 January 2017.

- (d) On 11 April 2017, the Company announced that it has on the same day entered into the following agreements for the Acquisition of Properties:
- (i) supplemental sale and purchase agreement with PIMA Pembangunan Sdn Bhd (“PIMA”) to complete the purchase of 783 car parking bays situated at a commercial development known as Prima Klang Avenue (“Development”) for a purchase price of RM3.5 million;
 - (ii) sale and purchase agreement with PIMA to purchase 38 office suits and retail units in Block B of the Development for a purchase price of RM23.0 million;
 - (iii) sale and purchase agreement with PIMA to purchase the land, together with the platform built thereon, comprised in Block C of the Development for a purchase price of RM11.0 million, and
 - (iv) settlement agreement with PIMA wherein the purchase considerations for the Properties will settle the amount owing by PIMA to the Company under the joint venture agreement entered into in 2013 with the balance purchase considerations totalling RM6.0 million payable to PIMA upon delivery of vacant possession of the Properties.

B11. CORPORATE PROPOSALS (continued)

- (e) On 30 August 2017, the Company announced that the following in-active subsidiaries of the Group have commenced members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016:
- (i) Keris Murni Sdn Bhd;
 - (ii) Jaguh Suria Sdn Bhd;
 - (iii) Genting Mutiara Sdn Bhd; and
 - (iv) Pelangi Tegas Sdn Bhd.

Pursuant to the above, Mr. Ong Hock An, Dato's Feizal Mustapha and Mr Bernad Tan Chek Hean of BDO Consulting Sdn Bhd have been appointed as the Liquidators of these subsidiaries.

Following the appointment of the liquidators, the Group has relinquished its control and involvement over these subsidiaries to the liquidators. Accordingly, these companies ceased to be subsidiaries of the Group with effect from 30 August 2017 and were deconsolidated from group consolidated accounts on that date.

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

(a) Disposal of Malaysian Assurance Alliance Berhad and other subsidiaries

	Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	Repayment of Medium-Term Notes	140,000	140,000	Immediately upon the receipt of the proceeds from the proposed disposal	-	-
(ii)	Repayment of borrowings and the payment of related interest cost	36,400	36,416	Immediately upon the receipt of the proceeds from the proposed disposal	16	-
(iii)	Payment of borrowings restructuring fees	3,800	3,800	Immediately upon the receipt of the proceeds from the proposed disposal	-	-
(iv)	General working capital requirements	191,096	121,651	Within 24 months from the date of receipt of the proceeds from the proposed disposal	-	-
(v)	Payment of dividends to shareholders during FY 2014, 2015, 2016 and 2017	-	69,429	-	69,429	Dividend payment to shareholders
	Total	371,296*	371,296		69,445	

*consist of headline consideration of RM344.0 million as stated in the Circular to Shareholders dated 29 August 2011 and additional proceeds received from price adjustments, net of settlement of agreed claims with the purchaser, Zurich Insurance Company Ltd ("Zurich").

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B12. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)

(b) Disposal of MAAKL Mutual Bhd

	Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	General working capital requirements	53,061	14,022	No limit specified	-	-
	Total	53,061	14,022			

(c) Disposal of MAA Takaful

	Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	Proposed Special Dividend	100,761	100,761	Within 6 months from the disposal completion date	-	-
(ii)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	196,739	56,606*	Within 24 months from the disposal completion date	n/a as the 24 months period is not yet due	-
		93,750	-	Within 24 months from the receipt of the Balance Consideration	n/a as the Balance Consideration has not been received yet	-
(iii)	Estimated expenses relating to the disposal	2,500	2,403	Within 1 month from the disposal completion date	97	-
	Total	393,750	159,770		97	

*consist of:

- a) an amount of RM29.351 million being the downward price adjustment in accordance with the terms of the sale and purchase agreement paid on 27 December 2016 to the purchaser, Zurich from the initial consideration of RM300.0 million received from Zurich on 30 June 2016, the sale completion date; and
- b) an amount of RM27.255 million being the consideration paid to subscribe for additional 300,000 new shares with par value of PHP1,000 per share of MAAGAP that increased the Group's equity interest from 40% to 70%, making it a subsidiary as stated in note B11(b) of these Interim Reports.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B13. CHANGES IN MATERIAL LITIGATION

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

B14. DIVIDEND PAYABLE

On 14 September 2017, 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 2017. This interim dividend has been paid on 23 October 2017.

The total interim dividends paid for the current financial period ended 30 September 2017 is 6.0 sen per ordinary share (9 months ended 30 September 2016: 41.0 sen).

B15. EARNINGS PER SHARE

	3 months period ended		9 months period ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter/period (RM'000)				
- Continuing Operations	740	1,949	30,615	(13,381)
- Discontinued Operations	-	-	-	297,040
	740	1,949	30,615	283,659
Weighted average number of ordinary shares in issue ('000)	273,518	291,414	273,518	288,980
Basic earnings/(loss) per share (sen)				
- Continuing Operations	0.27	0.67	11.19	(4.63)
- Discontinued Operations	-	-	-	102.79
	0.27	0.67	11.19	98.16

B16. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

B17. 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 30.9.2017	As at 31.12.2016
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	284,475	233,945
- Unrealised	10,336	11,040
	294,811	244,985
Total share of accumulated profits/(loss) from associates		
- Realised	13,532	9,475
- Unrealised	1,121	(876)
	14,653	8,599
	309,464	253,584
Add: Consolidation adjustments	(44,677)	8,855
Total Group retained earnings as per statement of financial position	264,787	240,164

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: 23 November 2017