

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

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

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

	30 June 2018	31 December 2017
	RM'000	(Audited) RM'000
ASSETS		
Property, plant and equipment	4,399	4,612
Investment properties	49,015	49,982
Intangible assets	510	590
Associates	54,140	52,460
Deferred tax assets	310	667
Tax recoverable	176	172
Investments	295,223	335,555
Financial assets at fair value through profit or loss ("FVTPL")	106,571	19,310
Financial assets at fair value through other comprehensive income ("FVOCI")	63,066	-
Financial assets at amortised costs ("AC")	56,181	-
Available-for-sale ("AFS") financial assets	-	210,748
Loans and receivables ("LAR")	69,405	105,497
Reinsurance assets	36,726	34,943
Insurance receivables	47,543	44,322
Deferred acquisition costs	16,163	16,475
Trade and other receivables ^(N1)	96,245	97,591
Cash and cash equivalents	147,866	141,226
TOTAL ASSETS	748,316	778,595
EQUITY AND LIABILITIES		
LIABILITIES		
Insurance contract liabilities	145,648	150,968
Deferred tax liabilities	763	771
Insurance payables	11,304	8,656
Deferred reinsurance commissions	1,218	701
Trade and other payables	53,420	52,101
Retirement benefit liability	146	559
Current tax liabilities	1,825	2,213
TOTAL LIABILITIES	214,324	215,969
EQUITY		
Share capital	304,354	304,354
Retained earnings	249,972	259,140
Reserves	(23,624)	(4,168)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	530,702	559,326
Non-controlling interests ("NCI")	3,290	3,300
TOTAL EQUITY	533,992	562,626
TOTAL EQUITY AND LIABILITIES	748,316	778,595
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.94	2.04

^(N1) Included the balance sale consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful Berhad which is payable to the Company on 30 June 2019 with a charge of RM2.2 million for present value adjustment to account for time value of money as at 30 June 2018.

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

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

	3 months ended		6 months ended	
	30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	40,827	29,998	79,991	34,034
Gross earned premiums	35,549	24,040	70,058	24,040
Premiums ceded to reinsurers	(10,906)	(6,878)	(19,998)	(6,878)
Net earned premiums	24,643	17,162	50,060	17,162
Investment income	4,190	4,439	7,836	7,009
Realised gains and losses - net	(585)	846	1,457	844
Fair value gains and losses - net	(1,708)	(7,895)	(14,925)	(7,937)
Commission income	654	504	1,134	504
Other operating revenue from non-insurance businesses	1,088	1,519	2,097	2,985
Other operating income - net	2,154	31,995	963	32,034
Other revenue/(expenses)	5,793	31,408	(1,438)	35,439
Total revenue	30,436	48,570	48,622	52,601
Gross claims paid	(12,915)	(6,369)	(24,788)	(6,369)
Claims ceded to reinsurers	3,131	291	4,011	291
Gross change to contract liabilities	633	(4,403)	(706)	(4,403)
Change in contract liabilities ceded to reinsurers	(1,412)	158	1,016	158
Net claims incurred	(10,563)	(10,323)	(20,467)	(10,323)
Commission expense	(8,948)	(5,866)	(17,706)	(5,866)
Management expenses	(11,476)	(9,928)	(22,950)	(16,670)
Finance costs	(2)	(2)	(5)	(2)
Other expenses	(20,426)	(15,796)	(40,661)	(22,538)
Operating (loss)/profit	(553)	22,451	(12,506)	19,740
Share of profit of associates, net of tax	923	1,934	1,680	3,355
Profit/(loss) before taxation	370	24,385	(10,826)	23,095
Taxation	(1,547)	(494)	(2,972)	(523)
(Loss)/profit for the financial quarter/period	(1,177)	23,891	(13,798)	22,572
(Loss)/profit for the financial quarter/period attributable to:				
Owners of the Company	(1,158)	23,653	(13,788)	22,334
NCI	(19)	238	(10)	238
	(1,177)	23,891	(13,798)	22,572
Basic (loss)/earning per ordinary share (sen) attributable to owners of the Company	(0.42)	8.65	(5.04)	8.17

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

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

	3 months ended		6 months ended	
	30 June 2018	30 June 2017 (Restated)	30 June 2018	30 June 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial quarter/period	(1,177)	23,891	(13,798)	22,572
<u>Other comprehensive income/(loss)</u>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Foreign currency translation differences	2,761	(2,700)	(7,061)	(3,120)
Changes in the fair value of FVOCI/AFS financial assets, net of tax	(132)	(2,655)	(1,849)	(1,038)
Share of fair value changes of AFS financial assets of associates	-	271	-	526
Transferred to profit or loss arising from deemed disposal of an associate	-	728	-	728
	2,629	(4,356)	(8,910)	(2,904)
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of financial assets at FVOCI, net of tax	(144)	-	(506)	-
Other comprehensive income/(loss) for the financial quarter/period, net of tax	2,485	(4,356)	(9,416)	(2,904)
Total comprehensive income/(loss) for the financial quarter/period	1,308	19,535	(23,214)	19,668
Total comprehensive income/(loss) for the financial quarter/period attributable to:				
Owners of the Company	1,327	19,297	(23,204)	19,430
NCI	(19)	238	(10)	238
	1,308	19,535	(23,214)	19,668

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

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

	Attributable to owners of the Company								
	Share capital	Reserves				Retained earnings	Total	NCI	Total Equity
		Foreign exchange reserves	AFS reserves	FVOCI reserves	Total				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2018									
- as previously stated	304,354	(14,212)	10,044	-	(4,168)	259,140	559,326	3,300	562,626
- effect of change in accounting policy ^(*)	-	-	(10,044)	4	(10,040)	12,826	2,786	-	2,786
- restated	304,354	(14,212)	-	4	(14,208)	271,966	562,112	3,300	565,412
Loss for the financial period	-	-	-	-	-	(13,788)	(13,788)	(10)	(13,798)
Other comprehensive loss	-	(7,061)	-	(2,355)	(9,416)	-	(9,416)	-	(9,416)
Total comprehensive loss for the financial period	-	(7,061)	-	(2,355)	(9,416)	(13,788)	(23,204)	(10)	(23,214)
Interim dividend paid	-	-	-	-	-	(8,206)	(8,206)	-	(8,206)
As at 30 June 2018	304,354	(21,273)	-	(2,351)	(23,624)	249,972	530,702	3,290	533,992
	-	-	-	-	-	-	-	-	-

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

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

	Attributable to owners of the Company								
	Share capital	Capital redemption reserves	Foreign exchange reserves	Reserves		Retained earnings	Total	NCI	Total Equity
				AFS reserves	Total				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2017									
- as previously stated	273,518	30,836	4,029	3,284	38,149	240,164	551,831	-	551,831
- effect of change in accounting policy (*)	-	-	-	-	-	(5,353)	(5,353)	-	(5,353)
- restated	273,518	30,836	4,029	3,284	38,149	234,811	546,478	-	546,478
Transition to non-par value regime on 31 January 2017	30,836	(30,836)	-	-	(30,836)	-	-	-	-
Profit/(loss) for the financial period									
- as previously stated	-	-	-	-	-	23,169	23,169	485	23,654
- effect of change in accounting policy (*)	-	-	-	-	-	(835)	(835)	(247)	(1,082)
- restated	-	-	-	-	-	22,334	22,334	238	22,572
Other comprehensive (loss)/income	-	-	(3,120)	216	(2,904)	-	(2,904)	-	(2,904)
Total comprehensive (loss)/income for the financial period	-	-	(3,120)	216	(2,904)	22,334	19,430	238	19,668
Interim dividend paid	-	-	-	-	-	(16,411)	(16,411)	-	(16,411)
Acquisition of subsidiary with NCI	-	-	(466)	(1,819)	(2,285)	-	(2,285)	31,766	29,481
Transactions with NCI	-	-	-	-	-	186	186	(3,755)	(3,569)
As at 30 June 2017	304,354	-	443	1,681	2,124	240,920	547,398	28,249	575,647

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

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

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

	6 months ended	
	30 June 2018	30 June 2017 (Restated)
	RM'000	RM'000
(Loss)/profit for the financial period	(13,798)	22,572
Adjustment for:		
Investment income	(7,836)	(7,009)
Realised gains and losses - net	(1,457)	(844)
Fair value gains and losses - net	14,925	7,937
Present value adjustment on Retained Consideration	(1,735)	-
Other income arising from settlement with other receivable	-	(20,000)
Reserve arising from business combination	-	(10,025)
Gain on remeasurement of previously held equity interest in an associate	-	(1,666)
Share of profit of associates	(1,680)	(3,355)
Tax expenses	2,972	523
Purchases of financial assets	(58,069)	(9,172)
Proceeds from disposal of financial assets	40,425	1,568
Depreciation of property, plant and equipment	484	426
Property, plant and equipment written off	1	-
Amortisation of leasehold land	1	1
Amortisation of intangible assets	30	34
Allowance for/(write back of) impairment loss on:		
- loans from loans and receivables	-	(1)
- insurance receivables	16	41
- other receivables	-	(34)
- financial assets at AC	(6)	-
Realised foreign exchange loss	313	75
Unrealised foreign exchange loss	846	321
Changes in working capital:		
(Increase)/decrease in loans and receivables	(27)	557
Increase in reinsurance assets	(1,783)	(424)
(Increase)/decrease insurance receivables	(3,638)	4,721
Decrease in deferred acquisition costs	312	142
Increase in trade and other receivables	(379)	(7,879)
(Decrease)/increase in insurance contract liabilities	(5,320)	3,439
Increase/(decrease) in insurance payables	2,648	(3,200)
Increase/(decrease) in deferred reinsurance commission	517	(174)
Increase/(decrease) in trade and other payables	1,319	(1,488)
Cash used in operating activities	(30,919)	(22,914)
Investment income received	8,605	8,856
Income tax paid	(21)	(15)
Income tax refund	14	24
Net cash used in operating activities	(22,321)	(14,049)

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

	6 months ended	
	30 June 2018	30 June 2017 (Restated)
	RM'000	RM'000
Investing activities:		
Purchase of property, plant and equipment	(312)	(168)
Proceeds from disposal of property, plant and equipment	31	91
Addition from subsequent expenditure of investment properties	(243)	(101)
Purchase of intangible assets	(52)	-
Decrease/(increase) in fixed and call deposits	35,229	(43,594)
Net cash inflow from business combination	-	17,630
Net cash generated from/(used in) investing activities	34,653	(26,142)
Financing activities:		
Dividends paid	(8,206)	(16,411)
Net cash used in financing activities	(8,206)	(16,411)
Net increase/(decrease) in cash and cash equivalents	4,126	(56,602)
Currency translation difference	2,514	(3,130)
Cash and cash equivalents at beginning of financial year	141,226	157,074
Cash and cash equivalents at end of financial period	147,866	97,342
	-	-
Cash and cash equivalents comprise of:		
Fixed and call deposits with licensed banks	133,205	79,152
Cash and bank balance	14,661	18,190
	147,866	97,342

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