

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

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

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

	30 September 2018	31 December 2017 (Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	4,294	4,612
Investment properties	49,102	49,982
Intangible assets	562	590
Associates	55,382	52,460
Deferred tax assets	157	667
Tax recoverable	176	172
Investments	303,350	335,555
Financial assets at fair value through profit or loss ("FVTPL")	111,851	19,310
Financial assets at fair value through other comprehensive income ("FVOCI")	61,971	-
Financial assets at amortised costs ("AC")	60,044	-
Available-for-sale ("AFS") financial assets	-	210,748
Loans and receivables ("LAR")	69,484	105,497
Reinsurance assets	37,140	34,943
Insurance receivables	48,660	44,322
Deferred acquisition costs	17,489	16,475
Trade and other receivables ^(N1)	97,789	97,591
Cash and cash equivalents	142,667	141,226
TOTAL ASSETS	756,768	778,595
EQUITY AND LIABILITIES		
LIABILITIES		
Insurance contract liabilities	150,045	150,968
Deferred tax liabilities	755	771
Insurance payables	11,761	8,656
Deferred reinsurance commissions	1,144	701
Trade and other payables	58,290	52,101
Retirement benefit liability	282	559
Current tax liabilities	2,120	2,213
TOTAL LIABILITIES	224,397	215,969
EQUITY		
Share capital	304,354	304,354
Retained earnings	247,339	259,140
Reserves	(22,642)	(4,168)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	529,051	559,326
Non-controlling interests ("NCI")	3,320	3,300
TOTAL EQUITY	532,371	562,626
TOTAL EQUITY AND LIABILITIES	756,768	778,595
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.93	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 RM1.6 million for present value adjustment to account for time value of money as at 30 September 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 SEPTEMBER 2018

	3 months ended		9 months ended	
	30 September 2018	30 September 2017 (Restated)	30 September 2018	30 September 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	45,271	42,310	125,262	76,344
Gross earned premiums	39,430	36,469	109,488	60,509
Premiums ceded to reinsurers	(11,701)	(11,479)	(31,699)	(18,357)
Net earned premiums	27,729	24,990	77,789	42,152
Investment income	4,608	4,262	12,444	11,271
Realised gains and losses - net	711	476	2,168	1,320
Fair value gains and losses - net	(6,311)	(141)	(21,236)	(8,078)
Commission income	695	704	1,829	1,208
Other operating revenue from non-insurance businesses	1,233	1,579	3,330	4,564
Other operating income - net	2,101	810	3,064	32,844
Other revenue	3,037	7,690	1,599	43,129
Total revenue	30,766	32,680	79,388	85,281
Gross claims paid	(10,634)	(10,317)	(35,422)	(16,686)
Claims ceded to reinsurers	354	1,524	4,365	1,815
Gross change to contract liabilities	(2,257)	(12,695)	(2,963)	(17,098)
Change in contract liabilities ceded to reinsurers	92	9,011	1,108	9,169
Net claims incurred	(12,445)	(12,477)	(32,912)	(22,800)
Commission expense	(9,892)	(8,921)	(27,598)	(14,787)
Management expenses	(11,532)	(13,093)	(34,482)	(29,763)
Finance costs	(2)	(4)	(7)	(6)
Other expenses	(21,426)	(22,018)	(62,087)	(44,556)
Operating (loss)/profit	(3,105)	(1,815)	(15,611)	17,925
Share of profit of associates, net of tax	1,242	1,864	2,922	5,219
(Loss)/profit before taxation	(1,863)	49	(12,689)	23,144
Taxation	(740)	432	(3,712)	(91)
(Loss)/profit for the financial quarter/period	(2,603)	481	(16,401)	23,053
(Loss)/profit for the financial quarter/period attributable to:				
Owners of the Company	(2,633)	91	(16,421)	22,425
NCI	30	390	20	628
	(2,603)	481	(16,401)	23,053
Basic (loss)/earning per ordinary share (sen) attributable to owners of the Company	(0.96)	0.03	(6.00)	8.20

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 SEPTEMBER 2018

	3 months ended		9 months ended	
	30 September 2018	30 September 2017 (Restated)	30 September 2018	30 September 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial quarter/period	(2,603)	481	(16,401)	23,053
<u>Other comprehensive income/(loss)</u>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Foreign currency translation differences	2,494	(13,378)	(4,567)	(16,498)
Changes in the fair value of FVOCI/AFS financial assets, net of tax	(1,231)	3,631	(3,080)	2,593
Share of fair value changes of AFS financial assets of associates	-	-	-	526
Transferred to profit or loss arising from deemed disposal of an associate	-	-	-	728
	1,263	(9,747)	(7,647)	(12,651)
<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	(281)	-	(787)	-
Other comprehensive income/(loss) for the financial quarter/period, net of tax	982	(9,747)	(8,434)	(12,651)
Total comprehensive income/(loss) for the financial quarter/period	(1,621)	(9,266)	(24,835)	10,402
Total comprehensive income/(loss) for the financial quarter/period attributable to:				
Owners of the Company	(1,651)	(9,656)	(24,855)	9,774
NCI	30	390	20	628
	(1,621)	(9,266)	(24,835)	10,402

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 SEPTEMBER 2018

	Attributable to owners of the Company								
	Share capital RM'000	Foreign exchange reserves RM'000	AFS reserves RM'000	FVOCI reserves RM'000	Reserves		Total RM'000	NCI RM'000	Total Equity RM'000
Total RM'000					Retained earnings 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	-	-	-	-	-	(16,421)	(16,421)	20	(16,401)
Other comprehensive loss	-	(4,567)	-	(3,867)	(8,434)	-	(8,434)	-	(8,434)
Total comprehensive loss for the financial period	-	(4,567)	-	(3,867)	(8,434)	(16,421)	(24,855)	20	(24,835)
Interim dividend paid	-	-	-	-	-	(8,206)	(8,206)	-	(8,206)
As at 30 September 2018	304,354	(18,779)	-	(3,863)	(22,642)	247,339	529,051	3,320	532,371

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

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

(continued)

	Attributable to owners of the Company								
	Share capital	Capital redemption reserves	Foreign exchange reserves	AFS reserves	Reserves Total	Retained earnings	Total	NCI	Total Equity
	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	-	-	-	-	-	23,260	23,260	485	23,745
- effect of change in accounting policy (*)	-	-	-	-	-	(835)	(835)	(247)	(1,082)
- restated	-	-	-	-	-	22,425	22,425	628	23,053
Other comprehensive (loss)/income	-	-	(16,498)	3,847	(12,651)	-	(12,651)	-	(12,651)
Total comprehensive (loss)/income for the financial period	-	-	(16,498)	3,847	(12,651)	22,425	9,774	628	10,402
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 September 2017	304,354	-	(12,935)	5,312	(7,623)	241,011	537,742	28,639	566,381

(*) 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 SEPTEMBER 2018**

	9 months ended	
	30 September 2018	30 September 2017 (Restated)
	RM'000	RM'000
(Loss)/profit for the financial period	(16,401)	23,053
Adjustment for:		
Investment income	(12,444)	(11,271)
Realised gains and losses - net	(2,168)	(1,320)
Fair value gains and losses - net	21,236	8,078
Present value adjustment on Retained Consideration	(2,383)	(1,841)
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	(2,922)	(5,219)
Tax expenses	3,712	91
Purchases of financial assets	(92,991)	(13,831)
Proceeds from disposal of financial assets	61,038	2,474
Depreciation of property, plant and equipment	731	683
Property, plant and equipment written off	1	34
Amortisation of leasehold land	1	1
Amortisation of intangible assets	46	54
Allowance for/(write back of) impairment loss on:		
- loans from loans and receivables	(385)	(1)
- insurance receivables	41	676
- other receivables	-	45
- financial assets at AC	10	-
Realised foreign exchange loss	245	711
Unrealised foreign exchange loss/(gain)	390	(899)
Changes in working capital:		
Decrease/(increase) in loans and receivables	368	(3,850)
Increase in reinsurance assets	(2,197)	(11,079)
(Increase)/decrease insurance receivables	(4,780)	828
Increase in deferred acquisition costs	(1,014)	(185)
Increase in trade and other receivables	(2,036)	(6,906)
(Decrease)/increase in insurance contract liabilities	(923)	16,628
Increase/(decrease) in insurance payables	3,105	(2,294)
Increase/(decrease) in deferred reinsurance commission	443	(368)
Increase/(decrease) in trade and other payables	6,189	(1,618)
Cash used in operating activities	(43,088)	(39,017)
Investment income received	13,215	11,590
Income tax paid	(6)	(32)
Income tax refund	1	24
Net cash used in operating activities	(29,878)	(27,435)

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

	9 months ended	
	30 September 2018	30 September 2017 (Restated)
	RM'000	RM'000
Investing activities:		
Purchase of property, plant and equipment	(435)	(310)
Proceeds from disposal of property, plant and equipment	31	228
Addition from subsequent expenditure of investment properties	(330)	(243)
Purchase of intangible assets	(120)	(35)
Decrease/(increase) in fixed and call deposits	35,128	36,465
Net cash inflow from business combination	-	17,630
Net cash generated from investing activities	34,274	53,735
Financing activities:		
Dividends paid	(8,206)	(16,411)
Net cash used in financing activities	(8,206)	(16,411)
Net (decrease)/increase in cash and cash equivalents	(3,810)	9,889
Currency translation difference	5,251	(5,683)
Cash and cash equivalents at beginning of financial year	141,226	157,074
Cash and cash equivalents at end of financial period	142,667	161,280
	-	-
Cash and cash equivalents comprise of:		
Fixed and call deposits with licensed banks	111,630	148,689
Cash and bank balance	31,037	12,591
	142,667	161,280

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.