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 as set out in 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.

These unaudited Interim Reports should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2017. 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 2017.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted by the Group in these Interim Reports are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2017.

The following standards, amendments to MFRSs and annual improvements to MFRSs that are effective from financial year beginning on or after 1 January 2018 have been adopted by the Group:

- MFRS 9 ‘Financial Instruments’
- MFRS 15 ‘Revenue from Contracts with Customers’
- Amendments to MFRS 140 ‘Investment Property – Transfers of Investment Property’
- IC interpretation 22 ‘Foreign Currency Transactions and Advance Consideration’

The adoption of the above did not have any significant financial impact to the current financial year’s consolidated financial statements of the Group upon their initial application, except as mentioned below:

MFRS 9 ‘Financial Instruments’

MFRS 9 replaces the provision of MFRS 139 ‘Financial Instruments: Recognition and Measurement’. The adoption of MFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost (“AC”), fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income ("FVOCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in fair value in other comprehensive income (provided the instrument is not held for trading). A debt instrument is measured at AC only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

MFRS 9 retains most of the MFRS 139 requirements for classification and measurement of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified at FVTPL, the fair value changes due to own credit risk should be recognised directly to other comprehensive income. There is no subsequent recycling to profit or loss.

- When a financial liability measured at AC is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model under MFRS 9 requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at AC, debt instruments measured at FVOCI, contract assets under MFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts.

MFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosure about its financial instruments particularly in the year of the adoption of the new standard.

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

Based on the assessment conducted, the Group's financial assets as at 1 January 2018 are reclassified to the following classifications:

Group's Financial Assets		**MFRS 139**		**MFRS 9**	
	Notes	**Classification**	**Carrying amount as at 31.12.2017**	**Classification**	**Carrying amount as at 1.1.2018**
			RM'000		RM'000
Investments in Government debt securities	(a)	AFS	49,065	AC FVOCI	11,361 39,424
Investments in Corporate debt securities	(b)	AFS	49,016	AC FVOCI	46,626 3,988
Investments in Equity securities	(c)	FVTPL AFS	17,267 112,667	FVTPL FVOCI	105,981 23,953
Investments in Unit trusts	(d)	FVTPL	2,043	FVTPL	2,043
Loans and receivables, including fixed and call deposits with licensed banks with maturity of more than 3 months		LAR	105,497	AC	105,476
Reinsurance assets		LAR	34,943	AC	34,943
Insurance receivables		LAR	44,322	AC	43,921
Trade and other receivables		LAR	97,591	AC	97,591
Cash and cash equivalents, including fixed and call deposits with licensed banks with maturity of 3 months or less		LAR	141,226	AC	141,116
Total			**653,637**		**656,423**

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

(a) The Group's certain investments in government debt securities classified at AFS under MFRS 139 with carrying amount of RM9,641,000 as at 31 December 2017 that are held to collect contractual cash flows have been reclassified to AC under MFRS 9 and their fair value of RM1,732,000 were deemed to be the starting amortised cost for these investments as at 1 January 2018 with no impact to retained earnings from the reclassification. For other government debt securities with carrying amount of RM39,424,000 reclassified from AFS under MFRS 139 to FVOCI as elected under MFRS 9, the related fair value loss of RM1,110,000 was transferred from AFS reserve to FVOCI reserve on 1 January 2018.

(b) The Group's certain investments in corporate debt securities classified at AFS under MFRS 139 with carrying amount of RM45,028,000 as at 31 December 2017 that are held to collect contractual cash flows have been reclassified to AC under MFRS 9 and their fair value of RM1,998,000 were deemed to be the starting amortised cost for these investments as at 1 January 2018 with no impact to retained earnings from the reclassification. For other corporate debt securities with carrying amount of RM3,988,000 reclassified from AFS under MFRS 139 to FVOCI as elected under MFRS 9, the related fair value loss of RM84,000 was transferred from AFS reserve to FVOCI reserve on 1 January 2018.

(c) The Group has equity investments classified at FVTPL and AFS under MFRS 139 with carrying amount of RM17,267,000 and RM112,667,000 respectively as at 31 December 2017. Equity investments previously measured at FVTPL continued to be measured on the same basis under MFRS 9. Certain equity investments with carrying amount of RM88,714,000 as at 31 December 2017 were reclassified from AFS to FVTPL under MFRS 9 and the related fair value gain of RM13,833,000 was transferred from the AFS reserve to retained earnings on 1 January 2018. For other equity investments with carrying amount of RM23,953,000 as at 31 December 2017 classified at AFS under MFRS 139, these were reclassified to FVOCI as elected under MFRS 9 with the related fair value gain of RM1,135,000 transferred from AFS reserve to FVOCI reserve on 1 January 2018. The measurement of these equity investments classified at FVOCI are not affected; however the gains or losses realised from the sale of these equity investments will no longer be transferred to profit or loss on sale, but instead will be reclassified from the FVOCI reserve to retained earnings.

(d) The Group's unit trust investments classified at FVTPL under MFRS 139 continued to be measured on the same basis under MFRS 9.

There is no impact on the Group's accounting for financial liabilities as MFRS 9 requirements only affect the accounting for financial liabilities that are designated at FVTPL, the Group does not have such liabilities.

The new hedge accounting rules under MFRS 9 will not affect the Group as it does not have hedge instruments.

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table reconciles the carrying amounts of the Group's financial assets under MFRS 139 to the carrying amounts under MFRS 9 on the transition to MFRS 9 on 1 January 2018:

Group's Financial Assets	MFRS 139 Carrying amount as at 31.12.2017	As at 1.1.2018 Reclassification	Remeasurement	MFRS 9 Carrying amount as at 1.1.2018
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Closing balance at 31.12.2017	19,310			
Reclassification from AFS financial assets		88,714		
Opening balance at 1.1.2018				108,024
Financial assets at FVOCI				
Closing balance at 31.12.2017	-			
Reclassification from AFS financial assets		67,365		
Opening balance at 1.1.2018				67,365
Financial assets at AC				
Closing balance at 31.12.2017	-			
Reclassification from AFS financial assets		58,399		
Recognition of ECL			(412)	
Opening balance at 1.1.2018				57,987
AFS financial assets				
Closing balance at 31.12.2017	210,748			
Reclassification to:				
- Financial assets at FVTPL		(88,714)		
- Financial assets at FVOCI		(67,365)		
- Financial assets at AC		(54,669)		
Opening balance at 1.1.2018				-
Loans and receivables				
Closing balance at 31.12.2017	105,497			
Recognition of ECL			(21)	
Opening balance at 1.1.2018				105,476
Reinsurance assets	34,943			34,943

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table reconciles the carrying amounts of the Group's financial assets under MFRS 139 to the carrying amounts under MFRS 9 on the transition to MFRS 9 on 1 January 2018: (continued)

Group's Financial Assets	MFRS 139	As at 1.1.2018		MFRS 9
	Carrying amount as at 31.12.2017	Reclassification	Remeasurement	Carrying amount as at 1.1.2018
	RM'000	RM'000	RM'000	RM'000
Insurance receivables				
Closing balance at 31.12.2017	44,322			
Recognition of ECL			(401)	
Opening balance at 1.1.2018				43,921
Trade and other receivables	97,591			97,591
Cash and cash equivalents				
Closing balance at 31.12.2017	141,226			
Recognition of ECL			(110)	
Opening balance at 1.1.2018				141,116
Total	**653,637**	**3,730**	**(944)**	**656,423**

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table reconciles:

- The closing allowance for impairment loss for financial assets in accordance with MFRS 139 as at 31 December 2017; to
- The opening allowance for impairment loss determined using ECL method in accordance with MFRS 9 as at 1 January 2018.

	MFRS 139		**MRFS 9**
	Allowance for impairment Loss as at 31.12.2017	**Remeasurement**	**Allowance for impairment Loss as at 1.1.2018**
	RM'000	RM'000	RM'000
Investments in :			
- Government debt securities at AC	-	12	12
- Government debt securities at FVOCI	-	43	43
- Corporate debt securities at AC	-	400	400
- Corporate debt securities at FVOCI	-	20	20
Loans and receivables	-	21	21
Insurance receivables	1,770	401	2,171
Cash and cash equivalents	-	110	110
Total	**1,770**	**1,007**	**2,777**

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table shows the impact of transition to MFRS 9 on the opening retained earnings:

	RM'000
Opening balance – MFRS 139	**259,140**
Recognition of fair value gains for equity investments reclassified from AFS to FVTPL	13,833
Recognition of impairment loss for:	
- government debt securities at FVOCI	(43)
- corporate debt securities at FVOCI	(20)
- government debt securities at FVOCI	(12)
- corporate debt securities at FVOCI	(400)
- loans and receivables	(21)
- insurance receivables	(401)
- cash and cash equivalents	(110)
	(1,007)
Deferred tax assets	282
	(725)
Opening balance – MFRS 9	**272,248**

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFRS 9 'Financial Instruments' (continued)

The following table shows the impact of transition to MFRS 9 on the opening fair value reserves:

	AFS reserves	**FVOCI reserves**
	RM'000	RM'000
Opening balance – MFRS 139	**10,044**	**-**
Reclassification of fair value losses for government debt securities reclassified from AFS to AC	1,732	-
Reclassification of fair value losses for corporate debt securities reclassified from AFS to AC	1,998	-
Reclassification of fair value losses for government debt securities reclassified from AFS to FVOCI	1,110	(1,110)
Reclassification of fair value losses for corporate debt securities reclassified from AFS to FVOCI	84	(84)
Reclassification of fair value gains for equity investments from AFS to FVTPL	(13,833)	-
Reclassification of fair value gains for equity investments from AFS to FVOCI	(1,135)	1,135
Effect of recognition of impairment loss for government debt securities classified at FVOCI	-	43
Effect of recognition of impairment loss for corporate debt securities classified at FVOCI	-	20
Opening balance – MFRS 9	**-**	**4**

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'
- Amendments to MFRS 9 'Prepayment features with negative compensation'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 'Insurance Contracts' replaces MFRS 4 'Insurance Contracts'

The Group will adopt the above standards, amendments to MFRSs and annual improvements to MFRSs when they become effective in the respective financial periods. These standards, amendments to MFRSs and annual improvements to MFRSs are not expected to have material financial impact to the consolidated financial statements of the Group upon their first adoption, except as mentioned below:

MFRS 16 'Leases'

MFRS 16 supersedes MFRS 117 'Leases' and its related interpretations. The adoption of MFRS 16 will result in changes in the accounting policy for lease contracts of the Group at the date of initial application, 1 January 2019.

Under MFRS 16, an entity assesses whether a contract is or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As a lessee, the entity recognises right-of-use assets and lease liabilities for identified leases on the statement of financial position.

The right-of-use asset is depreciated in accordance with MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss. A lessee is also required to apply the impairment requirements in MFRS 136 'Impairment of Assets' on the right-of-use asset. If determined the right-of-use asset is impaired, the lessee recognises the impairment loss to profit or loss.

MFRS 16 has substantially retained the lessor accounting model in MFRS 117. A lessor will continue to classify a lease as either a finance or an operating lease and account for them differently.

On transition to MFRS 16 at the date of initial application of 1 January 2019, the Group would apply certain practical expedients to leases previously classified as operating leases under MFRS 117 and apply the modified retrospective approach under which the cumulative effect of initial application of MFRS 16 is recognised in retained earnings at 1 January 2019.

Based on the assessment conducted, on transition to MFRS 16 the Group would recognise right-of-use assets totalling RM6,417,224 equal to the lease liabilities of RM6,417,224, with nil adjustment for prepaid or accrued lease payments.

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

MFSR 16 'Leases' (continued)

When measuring the lease liabilities, the Group would discount the operating lease commitments using its incremental borrowing rate at 1 January 2019. The weighted-average incremental borrowing rate applied by the Group is 9.5%.

MFRS 17 'Insurance Contracts'

The Group will assess the application of MFRS 17 before the effective date and will make disclosure of the estimated significant financial effect if any.

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 year ended 31 December 2018.

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 year ended 31 December 2018.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have material effect in the current financial quarter and year ended 31 December 2018.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and year ended 31 December 2018.

A7. DIVIDEND PAID

The Company paid a first interim dividend of 3 sen per ordinary share under the single-tier dividend system in respect of the current financial year ended 31 December 2018 totaling RM8,205,533 on 25 April 2018.

In respect of the financial year ended 31 December 2017, the following dividend payments were made:

(a) a first interim dividend of 6 sen per ordinary share under the single-tier dividend system totaling RM16,411,065 was paid on 31 March 2017; and

(b) a second interim dividend of 3 sen per ordinary share under the single-tier dividend system totalling RM8,205,533 was paid on 23 October 2017.

A8. SEGMENTAL INFORMATION

The following summary describes the operations in each of the Group's operating segments for the current financial quarter and year ended 31 December 2018:

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

The Group's other segments comprise of hire purchase, leasing and other credit facilities, property management and consultancy services.

There have been no material changes in total assets, the basis of segmentation and the basis of measurement of segment profit or loss from the last annual financial statements, except the Retail Mortgage Lending business was recognised as an operating segment for 11 months ended 30 November 2018 before it was disposed by the Group as stated in Note B11(f) of this report.

A8. SEGMENTAL INFORMATION (continued)

3 months period ended 31 December 2018

	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	2,091	471	-	40,883	149	43,594
Net earned premiums	-	-	-	26,232	-	26,232
Investment income	2,031	-	-	1,910	146	4,090
Realised gains and losses – net	(5,414)	-	-	(91)	-	(5,505)
Fair value gains and losses – net	(12,441)	-	-	1,362	(64)	(11,143)
Commission income	-	-	-	619	-	619
Other operating revenue from non-insurance businesses	60	471	-	-	-	531
Other operating income–net	115	18	-	111	-	244
Net claims incurred	-	-	-	(7,436)	-	(7,436)
Commission expense	-	-	-	(9,701)	-	(9,701)
Management expenses	(5,140)	(824)	-	(4,496)	(927)	(11,387)
Finance costs	-	-	-	(2)	-	(2)
(Loss)/profit before taxation before share of profit of associates	(20,789)	(335)	-	8,508	(842)	(13,458)
Share of profit of associates	-	-	1,774	-	-	1,774
(Loss)/profit before taxation	(20,789)	(335)	1,774	8,508	(842)	(11,684)

A8. SEGMENTAL INFORMATION (continued)

12 months period ended 31 December 2018

	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	9,247	3,607	-	155,774	228	168,856
Net earned premiums	-	-	-	104,021	-	104,021
Investment income	9,009	-	-	7,313	212	16,534
Realised gains and losses – net	(4,469)	-	-	1,132	-	(3,337)
Fair value gains and losses – net	(27,350)	-	-	(5,032)	3	(32,379)
Commission income	-	-	-	2,448	-	2,448
Other operating revenue from non-insurance businesses	238	3,607	-	-	16	3,861
Other operating income -net	2,247	155	-	172	734	3,308
Net claims incurred	-	-	-	(40,348)	-	(40,348)
Commission expense	-	-	-	(37,299)	-	(37,299)
Management expenses	(21,895)	(3,740)	-	(17,537)	(2,697)	(45,869)
Finance costs	-	-	-	(9)	-	(9)
(Loss)/profit before taxation before share of profit of associates	(42,220)	22	-	14,861	(1,732)	(29,069)
Share of profit of associates	-	-	4,696	-	-	4,696
(Loss)/profit before taxation	(42,220)	22	4,696	14,861	(1,732)	(24,373)

A8. SEGMENTAL INFORMATION (continued)

3 months period ended 31 December 2017

	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	2,290	635	-	39,653	102	42,680
Net earned premiums	-	-	-	28,032	-	28,032
Investment income	2,234	-	-	1,589	96	3,919
Realised gains and losses – net	37	(2)	-	1,476	-	1,511
Fair value gains and losses – net	(165)	-	-	-	(65)	(230)
Commission income	-	-	-	653	-	653
Other operating revenue from non-insurance businesses	56	635	-	-	6	697
Other operating (expenses)/income -net	(724)	(139)	-	(173)	14	(1,022)
Net claims incurred	-	-	-	(10,552)	-	(10,552)
Commission expense	-	-	-	(8,891)	-	(8,891)
Management expenses	(6,130)	(991)	-	(3,676)	(250)	(11,047)
Finance costs	-	-	-	(3)	-	(3)
(Loss)/profit before taxation before share of profit of associates	(4,692)	(497)	-	8,455	(199)	3,067
Share of profit of associates	-	-	2,417	-	-	2,417
(Loss)/profit before taxation	(4,692)	(497)	2,417	8,455	(199)	5,484

A8. SEGMENTAL INFORMATION (continued)

12 months period ended 31 December 2017 (audited)

	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	10,900	5,005	-	102,944	175	119,024
Net earned premiums	-	-	-	70,184	-	70,184
Investment income	10,680	1	-	4,371	138	15,190
Realised gains and losses – net	27	(2)	-	2,806	-	2,831
Fair value gains and losses – net	(8,254)	-	-	-	(54)	(8,308)
Commission income	-	-	-	1,861	-	1,861
Other operating revenue from non-insurance businesses	220	5,004	-	-	37	5,261
Other operating income/(expenses)-net	31,846	(302)	-	198	80	31,822
Net claims incurred	-	-	-	(33,352)	-	(33,352)
Commission expense	-	-	-	(23,678)	-	(23,678)
Management expenses	(22,708)	(5,121)	-	(11,744)	(1,237)	(40,810)
Finance costs	-	-	-	(9)	-	(9)
Profit/(loss) before taxation before share of profit of associates	11,811	(420)	-	10,637	(1,036)	20,992
Share of profit of associates	-	-	6,150	1,486	-	7,636
Profit/(loss) before taxation	11,811	(420)	6,150	12,123	(1,036)	28,628

A9. MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the current financial year ended 31 December 2018 that have not been reflected in these Interim Reports.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 29 August 2018, MAAX Venture Sdn Bhd was incorporated as a new wholly-owned subsidiary of the Group as stated in note B11(c) of this report;

(b) On 30 August 2018, MAA International Corporation Ltd ceased to be a subsidiary of the Group as stated in note B11(d) of this report; and

(c) On 27 December 2018, Columbus Capital Pty Limited ceased to be an associated company of the Group as stated in note B11(f) of this report.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the current financial quarter and year ended 31 December 2018. As at 31 December 2018, the Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

A12. VALUATION OF INVESTMENT PROPERTIES

Investment properties of the Group were carried at revalued amount at the financial year ended 31 December 2018 based on valuations carried out by professional valuers during the financial year and the fair value changes therein have been recognised in the income statement.

A13. CONTINGENCIES

There were no contingent assets and liabilities as at the end of the financial year ended 31 December 2018.

A14. CAPITAL COMMITMENTS

There were no significant capital commitments for the purchase of property, plant and equipment as at the end of the financial year ended 31 December 2018.

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 5 June 2018 under Chapter 10 of the MMLR of Bursa Securities and were carried out on normal commercial terms.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF GROUP PERFORMANCE

Current financial quarter ended 31 December 2018 ("4Q-2018") against preceding year's corresponding financial quarter ended 31 December 2017 ("4Q-2017")

Group

	4Q-2018	**4Q-2017**
	RM'000	RM'000
Operating revenue	43,594	42,680
(Loss)/profit before taxation	(11,684)	5,484

In 4Q-2018 under review, the Group recorded a higher total operating revenue of RM43.6 million (4Q-2017: RM42.7 million), mainly comprised of gross earned premiums of RM39.0 million (4Q-2017: RM38.1 million) contributed by the General Insurance business held via subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP").

The Group recorded a Loss before taxation ("LBT") of RM11.7 million (4Q-2017: Profit before taxation ("PBT") of RM5.5 million) in 4Q-2018. The General Insurance business contributed a PBT of RM8.5 million (4Q-2017: RM8.5 million) while the Retail Mortgage Lending business contributed a share of profit after taxation of RM1.8 million (4Q-2017: RM2.4 million). However these profits were offset by a LBT of RM20.8 million (4Q-2017: LBT of RM4.7 million) from the Investment Holdings segment and a LBT of RM335,000 (4Q-2017: LBT of RM497,000) from the Education Services segment.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 December 2018 ("4Q-2018") against preceding year's corresponding financial quarter ended 31 December 2017 ("4Q-2017") (continued)

Investment Holdings

Key financial performance	4Q-2018	4Q-2017
	RM'000	RM'000
Operating revenue	2,091	2,290
Loss before taxation	(20,789)	(4,692)

Total operating revenue of the Investment Holdings segment decreased by 8.7% to RM2.1 million (4Q-2017: RM2.3 million) due mainly to lower interest income of RM1.8 million (4Q-2017: RM2.1 million) recorded in 4Q-2018.

In 4Q-2018, the Investment Holdings segment recorded a higher LBT of RM20.8 million (4Q-2017: RM4.7 million) mainly due to a net fair value loss of RM10.8 million on financial assets classified at FVTPL caused by the Asian equity market downturn, a reclassification of cumulative foreign currency translation difference from equity to profit loss of RM9.0 million arising from disposal of an associated company, Columbus Capital Pty Limited ("CCA") and fair value loss of RM1.6 million from revaluation of investment properties; offset by a gain of RM4.0 million from the disposal of CCA and an adjustment of RM1.6 million to reduce the present value charge to the balance disposal consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful Berhad payable to the Company on 30 June 2019.

Education Services

Key financial performance	4Q-2018	4Q-2017
	RM'000	RM'000
Operating revenue	471	635
Loss before taxation	(335)	(497)

Total operating revenue of the Education Services segment consists of tuition fee income recorded a 25.8% decrease to RM471,000 (4Q-2017: RM635,000) in 4Q-2018 due mainly to reduction in students enrollment.

Corresponding to the lower tuition fee income, the Education Services segment has recorded a LBT of RM335,000 (4Q-2017: LBT of RM497,000).

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 December 2018 ("4Q-2018") against preceding year's corresponding financial quarter ended 31 December 2017 ("4Q-2017") (continued)

Retail Mortgage Lending

The Group's Retail Mortgage Lending business operating in Australia is held via CCA, a 47.95% associated company.

As stated in note A10(c) and B11(f) of these Interim Reports, the Group had on 27 December 2018 completed the disposal of its 47.95% equity interest in CCA. Arising from this disposal, the Group has recognised share of profit after taxation of CCA for October to November 2018 in the Group's interim financial results for the current financial quarter ended 31 December 2018.

Key financial performance	**4Q-2018 (N1)**		**4Q-2017**	
	AUD'000	RM'000	AUD'000	RM'000
Operating revenue	30,177	90,642	34,302	109,470
Profit before taxation	1,767	5,306	2,257	7,167
Group's share of profit after taxation	593	1,774	758	2,417
Range of currency exchange rate	1 RM = 0.3329 to 0.3343 AUD		1 RM = 0.3133 to 0.3149 AUD	

(N1) comprised of CCA's financial results for October and November 2018 before its disposal on 27 December 2018.

CCA's operating revenue consists of loan interest and fee income. For the two (2) months ended 30 November 2018, CCA recorded an operating revenue of AUD30.2 million, on the back of higher assets under management of AUD3.53 billion as at 30 November 2018. CCA recorded a PBT of AUD1.8 million and contributed a share of profit after taxation of AUD593,000 for the two (2) months ended 30 November 2018.

In 4Q-2017, CCA recorded an operating revenue of AUD34.3 million with a PBT of AUD2.3 million, on the back of assets under management of AUD2.63 billion as at 31 December 2017. In 4Q-2017, CCA has contributed a share of profit after taxation of AUD758,000.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial quarter ended 31 December 2018 ("4Q-2018") against preceding year's corresponding financial quarter ended 31 December 2017 ("4Q-2017") (continued)

General Insurance

Key financial performance	**4Q-2018**		**4Q-2017**	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	446,714	35,001	398,970	32,581
Underwriting surplus	124,639	9,714	113,325	9,242
Investment income	24,346	1,910	19,457	1,589
Claim ratio in %	28.1%	28.1%	37.6%	37.6%
Commission ratio in %	37.9%	37.9%	31.2%	31.2%
Profit before taxation	108,985	8,508	103,605	8,455
Range of currency exchange rate	1 RM = 12.55 to 13.09 PHP		1 RM= 12.10 to 12.33 PHP	

GPW grew by 12.0% from PHP399.0 million in 4Q-2017 to PHP446.7 million in 4Q-2018, driven mainly by 20.9% increase in the production of non-motor classes of business. Motor and non-motor businesses contributed 40% (4Q-2017: 44%) and 60% (4Q-2017: 66%) respectively of the total GPW in 4Q-2018.

MAAGAP registered a higher PBT of PHP109.0 million in 4Q-2018 compared to PHP103.6 million in 4Q-2017. The higher profit was attributed by the higher underwriting surplus amounting to PHP124.6 million (4Q-2017: PHP113.3 million) with the improved claim ratio of 28.1% (4Q-2017: 37.6%) and higher investment income of PHP24.3 million (4Q-2017: PHP19.5 million).

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2018 ("FYE2018") against preceding financial year ended 31 December 2017 ("FYE2017")

Group

	FYE2018	FYE2017 (Audited)
	RM'000	RM'000
Operating revenue	168,856	119,024
(Loss)/profit before taxation	(24,373)	28,628

In FYE2018 under review, the Group recorded a higher total operating revenue of RM168.9 million (FYE2017: RM119.0 million), mainly comprised of gross earned premiums of RM148.5 million (FYE2017: RM98.6 million from 19 April 2017, the effective date MAAGAP became a subsidiary) contributed by the General Insurance business.

The General Insurance business contributed a PBT of RM14.9 million (FYE2017: RM12.1 million) while the Retail Mortgage Lending business and the Education Services segment contributed PBT of RM4.7 million and RM22,000 respectively. However these profits were offset by the LBT of RM42.2 million recorded by the Investment Holdings segment.

The profit in FYE2017 was mainly contributed by an other income of RM20.0 million from settlement with other receivables, reserve arising from business combination of RM10.0 million related to MAAGAP and the adjustment of RM1.8 million to reduce the present value charge to the Retained Consideration.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2018 ("FYE2018") against preceding financial year ended 31 December 2017 ("FYE2017") (continued)

Investment Holdings

Key financial performance	**FYE2018**	**FYE2017 (Audited)**
	RM'000	RM'000
Operating revenue	9,247	10,900
(Loss)/profit before taxation	(42,220)	11,811
Assets	434,950	479,124
Liabilities	8,949	11,242

Total operating revenue of the Investment Holdings segment decreased by 15.2% to RM9.2 million (FYE2017: RM10.9 million) due mainly to lower interest income of RM7.4 million (FYE2017: RM9.3 million) in FYE2018.

In FYE2018, the Investment Holdings segment recorded a LBT of RM42.2 million (FYE2017: PBT of RM11.8 million) mainly caused by the net fair value loss of RM24.5 million on financial assets classified at FVTPL , the fair value loss of RM2.8 million from revaluation of investment properties and a reclassification of cumulative foreign currency translation difference from equity to profit loss of RM9.0 million arising from disposal of CCA; offset by the adjustment of RM4.0 million to reduce the present value charge to the Retained Consideration and the gain of RM4.0 million from the disposal of CCA on 27 December 2018.

The profit in FYE2017 was mainly contributed by an other income of RM20.0 million from settlement with other receivables, reserve of RM10.0 million from business combination related to MAAGAP and the adjustment of RM1.8 million to reduce the present value charge to the Retained Consideration and the gain of RM4.0 million from the disposal of CCA on 27 December 2018.

As at 31 December 2018, the Investment Holdings segment's assets were lower at RM434.9 million compared to RM479.1 million as at 31 December 2017 due mainly to interim dividends totaling RM8.2 million paid on 25 April 2018 and the recorded net fair value loss of RM24.5 million on financial assets classified at FVTPL and the fair value loss of RM2.8 million from revaluation of investment properties during FYE2018.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2018 ("FYE2018") against preceding financial year ended 31 December 2017 ("FYE2017") (continued)

Education Services

Key financial performance	**FYE2018**	**FYE2017 (Audited)**
	RM'000	RM'000
Operating revenue	3,607	5,005
Profit/(loss) before taxation	22	(420)
Assets	798	759
Liabilities	160	214

Total operating revenue of the Education Services segment consists of tuition fee income recorded a 27.9% decrease to RM3.6 million (FYE2017: RM5.0 million) in FYE2018 due mainly to the reduction in students enrollment.

Nevertheless, the Education Services segment recorded a marginal PBT of RM22,000 (FYE2017: LBT of RM420,000) in FYE2018 mainly contributed by improved margin resulted from leaner cost structure and other income of RM83,000 being final capital distribution from ex-subsidiaries upon the completion of the shareholders' voluntary winding up.

As at 31 December 2018, the Education Services segment's assets was marginally higher at RM798,000 compared to RM759,000 million as at 31 December 2017, whereas the liabilities was lower at RM160,000 (31 December 2017: RM214,000) attributable by the leaner cost structure.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2018 ("FYE2018") against preceding financial year ended 31 December 2017 ("FYE2017") (continued)

Retail Mortgage Lending

As stated in note A10(c) and B11(f) of these Interim Reports, the Group had on 27 December 2018 completed the disposal of its 47.95% equity interest in CCA. Arising from this disposal, the Group has recognised share of profit after taxation of CCA for the period from January to November 2018 in the Group's interim financial results for the current financial year ended 31 December 2018.

Key financial performance	FYE2018 (N1)		FYE2017 (Audited)	
	AUD'000	RM'000	AUD'000	RM'000
Operating revenue	143,067	431,341	109,589	360,386
Profit before taxation	4,897	14,762	5,697	18,619
Group's share of profit after taxation	1,560	4,696	1,877	6,150
Range of currency exchange rate	1 RM = 0.3317 to 0.3322 AUD		1 RM = 0.3040 to 0.3059 AUD	

(N1) comprised of CCA's financial results for the eleven (11) months ended 30 November 2018 before its disposal on 27 December 2018.

CCA's operating revenue consists of loan interest and fee income. During the eleven (11) months ended 30 November 2018, CCA recorded a total operating revenue of AUD143.1 million, on the back of higher assets under management AUD3.53 billion as at 30 November 2018. CCA recorded a PBT of AUD4.9 million for the eleven (11) months ended 30 November 2018 with a share of profit after taxation of AUD1.6 million.

In FYE2017, CCA recorded a total operating revenue of AUD109.6 million, on the back of assets under management of AUD2.63 billion as at 31 December 2017. CCA recorded a PBT of AUD5.7 million with a share of profit after taxation of AUD1.9 million

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2018 ("FYE2018") against preceding financial year ended 31 December 2017 ("FYE2017") (continued)

General Insurance

Key financial performance	FYE2018		FYE2017 (Audited)	
	PHP'000	RM'000	PHP'000	RM'000
Gross premium written ("GPW")	1,951,286	149,433	1,796,138	153,266
Underwriting surplus	375,913	28,822	290,120	24,530
Investment income	95,367	7,313	74,830	6,357
Claim ratio in %	38.8%	38.8%	45.8%	45.8%
Commission ratio in %	33.7%	33.7%	28.8%	28.8%
Profit before taxation	191,100	14,861	192,082	16,117
Assets	3,945,351	310,109	3,600,389	292,492
Liabilities	2,717,576	213,606	2,506,463	203,622
Range of currency exchange rate	1 RM = 12.32 to 13.52 PHP		1 RM= 11.07 to 12.33 PHP	
MAAGAP's profit contribution to the Group in 2017				
- as an associated company from 1 January 2017 to 18 April 2017			16,881	1,486
- as a subsidiary effective from 19 April 2017 till 31 December 2017			129,861	10,637
			146,742	12,123

In FYE2018, total GPW grew 8.6% to PHP1,951.3 million (FYE2017: PHP1,796.1 million), driven mainly by increase in the production of non-motor classes of business. Motor classes recorded a marginal decrease in GPW of 0.6% to PHP756.8 million (FYE2017: PHP761.5 million); whilst non-motor classes registered a 15.5% increase in GPW to PHP1,194.5 million (FYE2017: PHP1,034.6 million). The motor and non-motor businesses contributed 39% (FYE2017: 42%) and 61% (FYE2017: 58%) respectively of the total GPW in FYE2018.

MAAGAP registered a lower PBT of PHP191.1 million in FYE2018, a 0.5% marginal decrease over PHP192.1 million in FYE2017. Despite of the premium growth, higher underwriting surplus contributed by the improved claim ratio and investment income, the lower profit in FYE2018 was mainly caused by the net fair value loss of PHP68.2 million (approximately RM5.0 million) on financial assets classified at FVTPL due to the decline in the Philippines stock market.

B1. REVIEW OF GROUP PERFORMANCE (continued)

Current financial year ended 31 December 2018 ("FYE2018") against preceding financial year ended 31 December 2017 ("FYE2017") (continued)

General Insurance (continued)

MAAGAP's total assets grew by 9.5% from PHP3,600.4 million as at 31 December 2017 to PHP3,945.4 million as at 31 December 2018 mainly contributed by 12.0% increase in financial investments to PHP2,200.2 million (31 December 2017: PHP1,965.3 million) and 11.0% increase in insurance receivables to PHP605.7 million (31 December 2017: PHP545.6 million) which was in line with the company's premium growth. Total liabilities increased by 8.4% from PHP2,506.5 million as at 31 December 2017 to PHP2,717.6 million as at 31 December 2018 mainly from the increase in insurance payable.

B2. RESULTS OF THE CURRENT FINANCIAL QUARTER (4Q-2018) AGAINST THE PRECEDING FINANCIAL QUARTER (3Q-2018)

In 4Q-2018, the Group recorded a LBT of RM11.7 million (3Q-2018: LBT of RM1.9 million). The loss in 4Q-2018 arose mainly from the net fair value loss on financial assets classified at FVTPL totaling RM9.4 million and fair value loss of RM1.6 million from revaluation of investment properties.

B3. PROSPECTS

The Group's General Insurance business in the Philippines held via subsidiary MAAGAP continued its commendable growth in gross written premium (+8.6%) and higher underwriting surplus (+31.5%). However fair value losses from financial assets classified at FVTPL caused by sharp decline in the Philippines stock market has eroded the profitability of the business to register a small improvement in profit before taxation (+3.1%) for the financial year ended 31 December 2018. The Philippines economy grew by 6.2% in 2018 and is expected to sustain the economic growth albeit at a softer pace in 2019. Likewise, the non-life insurance sector in the Philippines registered a growth of 7.3% in net premiums written as at end of September 2018 over the same period in previous year. On the back of this favorable growth, the non-life insurance sector in the Philippines is expected to expand positively in 2019. Barring unforeseen circumstances like the natural catastrophe exposure in the Philippines with typhoons and earthquakes and also the stock market performance, the Group expects MAAGAP to continue with its growth momentum in 2019 to generate positive profit contribution to the Group.

The Group's Education Services business turned around in 2018 with a small profit before taxation of RM22,000 (2017: Loss before taxation of RM420,000). Nevertheless, 2019 will remain a challenging year for the Education Services business. The Group will continue the marketing initiatives to improve student enrollment and implement plans to diversify the tuition offerings.

On the PN17 status of the Company, the exercise to explore new businesses and investments to acquire has taken longer time than anticipated due mainly to valuations demanded by these vendors are largely unattractive to the Company. Nevertheless in discharging its responsibility under the Bursa Securities Listing Requirements, the Company via its Investment Holdings business will continue exploring investment opportunities with reasonable pricing and long-term sustainable profits to address the PN17 status.

Please refer to B11(g) for the details of the material development affecting the Group.

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		**12 months period ended**	
	31.12.2018	**31.12.2017**	**31.12.2018**	**13.12.2017 (Audited)**
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	90	114	346	301
Financial assets at FVTPL				
Dividend income				
- Equity securities quoted in Malaysia	63	28	255	28
- Equity securities quoted outside Malaysia	199	-	1,890	-
- Unit trusts quoted in Malaysia	87	80	87	80
	349	108	2,232	108
Financial assets at FVOCI				
Dividend income				
- Equity securities quoted outside Malaysia	328	-	1,273	-
Interest income				
- Government debt securities quoted outside Malaysia	456	-	1,751	-
- Corporate debt securities quoted outside Malaysia	49	-	184	-
- Corporate debt securities unquoted inside Malaysia	315	-	624	-
	1,148	-	3,832	-
Financial assets at AC				
Interest income				
- Government debt securities quoted outside Malaysia	99	-	383	-
- Corporate debt securities quoted outside Malaysia	652	-	2,384	-
	751	-	2,767	-

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B5. INVESTMENT INCOME (continued)

	3 months period ended		12 months period ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017 (Audited)
	RM'000	RM'000	RM'000	RM'000
AFS financial assets				
Dividend income				
- Equity securities quoted outside Malaysia	-	416	-	1,300
- Equity securities unquoted outside Malaysia	-	-	-	1,087
Interest income				
- Government debt securities quoted outside Malaysia	-	1,285	-	2,210
- Corporate debt securities unquoted inside Malaysia	-	119	-	238
- Corporate debt securities quoted outside Malaysia	-	571	-	1,461
Amortisation of premium				
- Government debt securities quoted outside Malaysia	-	(723)	-	(723)
	-	1,668	-	5,573
Loans and receivables				
Interest income				
- Other loans	-	-	1	-
Fixed and call deposit interest income	1,752	2,029	7,356	9,208
	4,003	3,919	16,447	15,190

B6. REALISED GAINS AND LOSSES – NET

	3 months period ended		12 months period ended	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017 (Audited)**
	RM'000	RM'000	RM'000	RM'000
Net gains from disposal of property, plant and equipment	12	2	12	47
Disposal of an associated company				
- Disposal gain	4,048	-	4,048	-
- Reclassification of cumulative foreign currency translation differences	(9,040)	-	(9,040)	-
Financial assets at FVTPL				
Net realised gains/(losses)				
- Equity securities quoted in Malaysia	(477)	10	158	10
- Equity securities quoted outside Malaysia	(48)	27	1,639	27
	(525)	37	1,797	37
Financial assets at FVOCI				
Net realised losses				
- Government debt securities quoted outside Malaysia	-	-	(154)	-
AFS financial assets				
Net realised gains/(losses)				
- Government debt securities quoted outside Malaysia	-	(76)	-	(258)
- Equity securities quoted outside Malaysia	-	1,548	-	3,005
	-	1,472	-	2,747
	(5,005)	1,511	(3,337)	2,831

B7. FAIR VALUE GAINS AND LOSSES – NET

	3 months period ended		**12 months period ended**	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017 (Audited)**
	RM'000	RM'000	RM'000	RM'000
Fair value losses on investment properties	(1,627)	-	(2,837)	(8,089)
Financial assets at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	(3,045)	58	(4,778)	58
- Equity securities quoted outside Malaysia	(5,214)	(223)	(19,464)	(223)
- Equity securities unquoted outside Malaysia	(1,192)	-	(5,303)	-
- Unit trusts quoted in Malaysia	22	(65)	90	(59)
- Unit trusts quoted outside Malaysia	-	-	-	5
	(9,429)	(230)	(29,455)	(219)
	(11,056)	(230)	(32,292)	(8,308)

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

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

	3 months period ended		12 months period ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017 (Audited)
	RM'000	RM'000	RM'000	RM'000
Write back of/(allowance for) impairment loss on:				
- loans from money lending, hire purchase and others credit activities	-	1	385	2
- insurance receivables	(50)	771	(91)	95
- other receivables	-	1	-	(44)
- financial assets at AC	(99)	-	(110)	-
- AFS financial assets	-	(157)	-	32
Bad debts recovered	-	2	8	58
Realised foreign exchange gains/(losses) – net	65	(990)	130	(1,701)
Unrealised foreign exchange (losses)/gains - net	(1,870)	160	(2,122)	130
Present value adjustment of Retained Consideration	1,575	-	3,958	1,841
Other income from settlement agreement with other receivables	-	-	-	20,000
Reserve from business combination	-	-	-	10,025
Gain on remeasurement of previously held equity interest in an associate	-	-	-	1,666
Loss on deconsolidation of subsidiaries	-	(14)	(757)	(682)
Depreciation of property, plant and equipment	(249)	(271)	(980)	(954)
Property, plant and equipment written off	-	(162)	(1)	(196)
Amortisation of intangible assets	(17)	(16)	(63)	(70)
Amortisation of leasehold land	-	-	(1)	(1)

B9. TAXATION

	3 months period ended		12 months period ended	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017 (Audited)**
	RM'000	RM'000	RM'000	RM'000
Current tax				
Current financial quarter/year	1,011	1,355	4,271	1,680
Under provision in prior financial quarter/year	-	1,097	-	18
	1,011	2,452	4,271	1,698
Deferred tax				
Current financial quarter/year	(1,758)	(259)	(1,306)	586
Tax (income)/expenses	(747)	2,193	2,965	2,284

Provision for taxation has been made in the current financial quarter and year under review even though the Group has recorded a loss, this is due mainly to certain expenses including the fair value losses on financial assets that are not deductible for tax purposes.

For the preceding financial quarter and year, the Group's effective tax rate was lower than the statutory tax rate due mainly to certain income/gains not subject to tax.

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group classifies financial instruments which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurement:

Level 1 - The fair value is measured by reference to published quotes in an active market which are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm's length basis.

Level 2 - The fair value is measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions obtained via pricing services; where prices have not been determined in an active market fair values are based on broker quotes.

Level 3 - The fair value is determined using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. The unobservable inputs reflect the Group's own assumptions that market participants would use in pricing the instrument. These inputs are developed based on the best information available, which might include the Group's own data.

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following tables show the analysis of the different hierarchy of fair value for the Group's financial instruments recorded at fair value:

At 31 December 2018

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL:				
Unit trusts				
- Quoted in Malaysia	2,133	-	-	2,133
Equity securities				
- Quoted in Malaysia	17,375	-	-	17,375
- Quoted outside Malaysia	61,686	-	-	61,686
- Unquoted outside Malaysia	-	-	24,079	24,079
	81,194	-	24,079	105,273
Financial assets at FVOCI:				
Government debt securities				
- Quoted outside Malaysia	38,669	-	-	38,669
Corporate debt securities				
- Quoted outside Malaysia	3,728	-	-	3,728
Equity securities				
- Quoted outside Malaysia	21,895	448	-	22,343
	64,292	448	-	64,740
Total financial assets measured at fair value	145,486	448	24,079	170,013

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following tables show the analysis of the different hierarchy of fair value for the Group's financial instruments recorded at fair value: (continued)

At 31 December 2017 (Audited)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL:				
Unit trusts				
- Quoted in Malaysia	2,043	-	-	2,043
Equity securities				
- Quoted in Malaysia	7,919	-	-	7,919
- Quoted outside Malaysia	9,348	-	-	9,348
	19,310	-	-	19,310
AFS financial assets:				
Government debt securities				
- Quoted outside Malaysia	49,065	-	-	49,065
Corporate debt securities				
- Quoted outside Malaysia	49,016	-	-	49,016
Equity securities				
- Quoted outside Malaysia	83,317	268	-	83,585
- Unquoted outside Malaysia	-	-	29,082	29,082
	181,398	268	29,082	210,748
Total financial assets measured at fair value	200,708	268	29,082	230,058

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There was no transfer among Level 1, 2 and 3 during the financial year ended 31 December 2018 and 31 December 2017.

B10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The following table shows the movement in Level 3 financial instruments for the current financial year ended 31 December 2018:

	AFS financial assets	Financial assets at FVTPL
	RM'000	RM'000
Closing balance at 31 December 2017	29,082	-
Effects of the adoption of MFRS 9:		
Reclassification financial assets at AFS to FVTPL	(29,082)	29,082
Opening balance at 1 January 2018	-	29,082
Fair value loss recorded in profit or loss	-	(5,303)
Currency translation difference	-	300
Closing balance at 31 December 2018	-	24,079

B11. 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 ("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 to 30 April 2019 via Bursa Securities' letters dated 30 October 2018, 27 June 2018, 12 January 2018, 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 30 April 2019 for the Company to submit a regularisation plan is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

(i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 30 April 2019;

(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.

B11. CORPORATE PROPOSALS (continued)

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 6^{th} 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.

In this respect, the Company is still in the midst of formulating a regularisation plan for submission to Bursa Securities for approval. Announcement of the development will be made in due course.

(b) The Company had on 3 April 2018 and 17 April 2018 announced the proposed variations to utilisation of balance proceeds from the disposal of its entire 75% equity interest in MAA Takaful Berhad were an amount of RM71.9 million will be allocated from the initial utilisation for future investment opportunities/prospective new business to be acquired to revised utilisation for working capital, share buy-back exercise and payment of dividends to shareholders.

The proposed variations to the said utilisation of balance proceeds were approved by the Shareholders at the extraordinary general meeting (“EGM”) of the Company held on 5 June 2018.

(c) On 29 August 2018, the Company announced that its wholly-owned subsidiary, MAA Corporation Sdn Bhd (“MAA Corp”) has on 29 August 2018 incorporated a company by the name of MAAX Venture Sdn Bhd (“MAAX Venture”) with paid-up capital of RM2.00 consist of two (2) ordinary shares with issue price of RM1.00 each.

The intended principal activity of MAAX Venture is to carry on peer to peer (“P2P”) financing business. MAAX Venture has submitted an application to Securities Commission of Malaysia (“SC”) for approval to operate the P2P financing business. The said application is still being reviewed by SC.

(d) On 30 August 2018, the Company announced that MAA International Corporation Ltd (“MAAIC”) has at its Extraordinary General Meeting held on 30 August 2018, obtained approval from its shareholders to commence members’ voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016.

Mok Chew Yin and Ong Hock An of BDO Consulting Sdn Bhd have been appointed as the liquidators to facilitate the member’s voluntary winding up of MAAIC.

With the relinquishment of the Group’s control and involvement in the operation and financial matters of MAAIC to the liquidators, MAAIC ceased to be a subsidiary of the Group with effect from 30 August 2018 and has been deconsolidated from the group consolidated accounts on that date.

(e) Further to the announcement made by the Company on 30 August 2017, and pursuant to Paragraph 9.19(24) of Chapter 9 of the MMLR of Bursa Securities, the Company had on 5 December 2018 announced that its sub-subsidiaries, Keris Murni Sdn Bhd (“KMSB”), Genting Mutiara Sdn Bhd (“GMSB”), Jaguh Suria Sdn Bhd (“JSSB”) and Pelangi Tegas Sdn Bhd (“PTSB”), which were placed under Members’ Voluntary Winding Up and held their final meetings respectively on 29 August 2018, were dissolved on 5 December 2018 after the expiration of three months from the date of the lodgement of the Return by Liquidators relating to the final meeting with the Companies Commission of Malaysia on 5 September 2018, pursuant to Section 459(5) of the Companies Act 2016.

B11. CORPORATE PROPOSALS (continued)

(f) On 10 December 2018, the Company announced that Columbus Capital Singapore Pte Ltd ("CCS"), a sub-subsidiary of the Company had entered into a Share Sale Agreement ("SSA") with Consortia Group Holdings Pty Limited ("Consortia" or the "Purchaser") for the disposal of 24,336,000 shares which is equivalent to 47.95% equity interest held in Columbus Capital Pty Limited ("CCA") at a total cash consideration of AUD21.0 million ("Disposal Consideration"). The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the CCA's net assets of AUD20.9 million based on its unaudited financial statements as at 30 September 2018 and a price-to-book ratio of approximately 2.09 times.

The SSA is subject to fulfillment of the completion deliverables as set out. The Disposal Consideration of AUD21.0 million shall be satisfied in cash by the Purchaser which comprised of payment of the initial consideration of AUD19,459,010 at completion and the balance consideration of AUD1,540,990 to be paid 12 months from completion.

On 27 December 2018, CCS has completed the disposal of its 47.95% equity interest in CCA in accordance with terms and conditions of the SSA.

(g) On 27 February 2019, the Board received a letter from the Non-Entitled Shareholders, in their capacity as major shareholders of the Company, requesting the Company to undertake the Proposed SCR.

Under the Proposed SCR, shareholders of the Company (other than the Non-Entitled Shareholders) whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Board, who collectively hold 167,740,668 ordinary shares in the Company ("MAAG Shares") representing 61.33% of the Company's issued share capital, will receive a total capital repayment of RM184,514,735, which represents a cash amount of RM1.10 for each MAAG Share held by them.

Please refer to the Company's announcement dated 27 February 2019 for further details.

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

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 MAAKL Mutual Bhd on 30 December 2013

	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	[N1]53,061	53,061	No limit specified	-	-
	Total	53,061	53,061		-	

[N1] Sale proceed net of selling expenses.

(b) Disposal of MAA Takaful Berhad on 30 September 2016

	Purpose	Revised Utilisation	Actual Utilisation	Revised timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	68,250	-	Within 24 months from the EGM held on 5 June 2018	-	-
		93,750	-	Within 24 months from the receipt of the Retained Consideration	-	-
(ii)	Working capital and share buy-back exercise	30,854	11,620	Within 24 months from the EGM held on 5 June 2018	-	-
(iii)	Payment of dividends to shareholders for the FYE 2017	8,207	8,207	Utilised	-	-
(iv)	Payment of dividends to shareholders	32,822	-	Within 24 months from the EGM held on 5 June 2018	-	-
	Total	[N2]233,883	19,827		-	-

[N2] Revised utilisation of balance proceeds from the disposal of MAA Takaful Berhad as approved by the Shareholders during the EGM held on 5 June 2018.

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 9 March 2018, the Board of Directors declared a first interim dividend of 3 sen per ordinary share under the single-tier dividend system in respect of the financial year ending 31 December 2018. This interim dividend has been paid on 25 April 2018.

Other than as stated, the Board of Director did not declare any further interim dividend for the financial year ended 31 December 2018.

The total interim dividends paid for the current financial year ended 31 December 2018 is 3 sen per ordinary share (31 December 2017: 9 sen).

B15. EARNINGS PER SHARE

	3 months period ended		12 months period ended	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017 (Audited)**
Attributable to the Owners of the Company:				
Net (loss)/profit for the financial quarter/year (RM'000)	(11,036)	2,711	(27,457)	25,136
Number of ordinary shares in issue ('000)	273,518	273,518	273,518	273,518
Basic (loss)/earning per share (sen)	(4.03)	0.99	(10.04)	9.19

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 2017 was not qualified.

By Order of the Board
Lily Yin Kam May
Company Secretary

KUALA LUMPUR
DATE: 27 February 2019