

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

PART A: EXPLANTORY NOTES PURSUANT TO FRS 134 : INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with FRS 134 Interim Financial Reporting and Para 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited financial statements should be read in conjunction with the audited annual financial statements for the Group for the financial year ended 31 December 2009.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2009, except the adoption of the following new/revised Financial Reporting Standards ("FRSs"), amendments to FRSs, IC Interpretations:

Effective for financial periods beginning on or after 1 July 2009

- FRS 8 Operating Segments

Effective for financial periods beginning on or after 1 January 2010

- FRS 3 Business Combination (revised)
- FRS 4 Insurance Contract
- FRS 7 Financial Instruments: Disclosures
- FRS 101 Presentation of Financial Statements (revised)
- FRS 123 Borrowing Costs
- FRS 127 Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 132 Financial Instruments : Presentation
- Amendments to FRS 139 Financial Instruments : Recognition and Measurement
- Amendments to FRS 5 Non-Current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 107 Statement of Cash Flows
- Amendments to FRS 110 Events After the Balance Sheet Date
- Amendments to FRS 116 Property, Plant and Equipment
- Amendments to FRS 117 Leases
- Amendments to FRS 118 Revenue
- Amendments to FRS 119 Employee Benefits
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 128 Investments in Associates
- Amendments to FRS 131 Interest in Joint Ventures
- Amendments to FRS 134 Interim Financial Reporting
- Amendments to FRS 136 Impairment of Assets
- Amendments to FRS 138 Intangible Assets
- Amendments to FRS 140 Investment Property
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 17 Distribution of Non-Cash Assets to Owners

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

A2. Preceding Year's Audit Report

The preceding financial year's annual financial statements were not qualified.

A3. Seasonal or Cyclical Factors

The Group's business operations are not significantly affected by any seasonal or cyclical factors.

A4. Extraordinary Items

There were no extraordinary items for the current financial quarter under review.

A5. Change in Accounting Estimates

There was no material changes in basis used for accounting estimates for the current financial quarter under review.

A6. Debt and Equity Securities

On 8 January 2010, the Company made a principal repayment amounted to RM30 million for its first tranche of RM200 million nominal amount of Medium Terms Notes up to a tenure of 5 years.

Other than as stated, there was no other issuance, cancellation, replacement, resale and repayment of debt and equity securities during the current financial period under review.

A7. Dividend Payment

There was no dividend payment by the Company during the current financial quarter under review.

A8. Segment Information

The Group has six (6) operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they employ different technology and marketing strategies. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The following summary describes the operations in each of the Group's operating segments:

- Life insurance - underwriting life insurance business, including investment-linked business
- General insurance – underwriting all classes of general insurance business
- Family takaful business – underwriting family takaful business
- General takaful business - underwriting general takaful business
- Unit trust fund management – management of unit trust funds
- Shareholders' fund of the insurance and takaful businesses

All other segments comprise investment holding, hire purchase, leasing and other credit activities, property management and investment advising, security and consultancy services.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

A9. Carrying Amount of Revalued Assets

Investment properties and land and buildings of the Group have been carried at revalued amount at the financial year ended 31 December 2009. These revalued amounts have been carried forward to the current financial period.

A10. Material Subsequent Events

There were no material subsequent events from the end of the current financial quarter under review to the date of this interim report.

A11. Changes in Composition of the Group

On 24 August 2009, MAA Corporation Sdn Bhd ("MAA Corp") disposed its 100% equity interest in a subsidiary company, Valiant Properties Sdn Bhd ("VPSB") for a cash consideration of RM182,292 (based on value of net assets of VPSB as at 31 March 2009), arrived at on a willing buyer willing seller basis to K.K. Point Sdn Bhd ("KKSB") via a Sale of Share Agreement entered into on event date, including an amount of RM1,228,805 to be paid by KKSB to MAA Corp as agreed settlement for the inter-company debt as at 31 March 2009 due by VPSB to MAA Corp. The sale was completed on 6 April 2010.

A12. Contingencies

- (a) In the normal course of business, the insurance subsidiaries of the Company incur certain liabilities in the form of performance bonds and guarantees on behalf of customers. No material losses are anticipated as a result of these transactions.

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

	<u>As at</u> <u>31.03.2010</u>	<u>As at</u> <u>31.12.2009</u>
	RM'000	RM'000
Performance bonds and guarantees	<u>193,735</u>	<u>243,940</u>

- (b) During the financial year ended 31 December 2005 ("FY 2005"), Meridian Asset Management Sdn Bhd ("MAM") a subsidiary company of MAA Corp had commenced legal proceeding against one of its custodian of its fund under management to recover, inter alia, the loss of investment moneys of its clients, MAA and Kumpulan Wang Amanah Pencen ("KWAP") of RM19.6 million and RM7.3 million respectively placed with the custodian ("Custodian"). The Custodian had filed an Application under Order 14A of the Rules of High Court ("Order 14A Application") to dismiss the case but the Order 14A Application was dismissed by the Court. The Custodian has filed an appeal against the decision. On 26 June 2008, the Custodian's Application for Stay of Proceedings was dismissed with cost and the Court had fixed 16 September 2008 for Pre Trial Case Management. On 16 September 2008, the Court directed the matter to be tried together with MAA's case. On 23 January 2009, the Court had allowed MAM's application to amend the Statement of Claim to include the damages suffered by MAM but disallowed the amendment to include an associate company of the Custodian as the Second Defendant. The matter is now fixed for Pre Trial Case Management on 13 July 2010.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

A12. Contingencies (continued)

MAM has also during FY 2005 commenced legal proceedings against its former employee and other related parties to the former employee to recover, inter alia, the loss of investment moneys of its clients, MAA and KWAP together with interest and general damages. The matter is now fixed for trial on 8 July 2010 to 13 July 2010.

MAA has during the financial year ended 31 December 2006 commenced legal proceeding against the Custodian for negligence to recover, inter alia, its loss of investment moneys amounting to RM19.6 million. The Custodian has served a Third Party Notice to bring MAM as a third party to the legal proceedings. The case is now fixed for Pre Trial Case Management on 13 July 2010.

In November 2007, KWAP had commenced a legal proceeding against MAM to recover, inter alia, its loss of investment moneys amounting to RM7.3 million together with interest. KWAP had filed an Application under Order 14 of the Rules of the High Court ("Order 14 Application"). The Order 14 Application was dismissed by court on 23 September 2008. On 20 July 2009, MAM obtained leave from the Court to file and serve the Third Party Notice to the Custodian. The case is now fixed for Pre Trial Case Management on 11 June 2010.

The directors of MAA Holdings Berhad, supported by legal advice to MAM, are of the opinion that MAM has a good chance in both their cases against the Custodian and the former employee and other parties related to the former employee. Its solicitors are also of the opinion that MAM has a good defence to the case taken by KWAP against MAM and even if MAM is found to be liable for the loss, it would be able to recover the same from the Custodian and/or its former employee and other parties related to the former employee. However, for prudence purposes, MAA has made full allowance of RM19.6 million relating to its investments in the financial year ended 31 December 2005. This allowance remains in the current financial year.

A13. Capital Commitments

Capital commitments not provided for in the interim financial report as at 31 March 2010 is as follows:

	RM'000
Approved and contracted for	<u>17,898</u>
Analysed as follows: -	
- property, plant and equipment	2,853
- investment properties	<u>15,045</u>

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

**A14. Condensed Consolidated Statement of Financial Position by Funds
As at 31 March 2010**

	Shareholders' Fund		General Fund		Life Fund		General Takaful Fund		Family Takaful Fund		Total	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
ASSETS												
Property, Plant and equipments	75,531	12,271	706	64,287	231,156	232,475	0	0	0	0	307,393	309,033
Intangible assets	8,330	8,696	0	1	3,896	3,822	0	0	0	0	12,226	12,519
Investment properties	7,202	4,031	27,291	30,779	536,009	535,355	0	0	0	0	570,502	570,165
Investments	286,209	339,799	83,591	111,949	5,570,984	5,516,626	23,962	9,973	140,165	101,149	6,104,911	6,079,496
Malaysian Government Securities/Government Investment Issue	65,852	60,631	0	0	106,067	122,802	0	0	0	0	171,919	183,433
Malaysian Government Guaranteed Financing	0	0	0	0	0	0	5,062	4,973	5,021	5,018	10,083	9,991
Corporate debt securities	75,148	77,794	62,006	63,458	3,193,195	3,285,739	0	0	0	0	3,330,349	3,426,991
Islamic debt securities	0	0	0	0	0	0	0	0	16,509	13,332	16,509	13,332
Equity securities	26,467	26,718	23	969	926,670	760,425	0	0	43,802	24,192	996,962	812,304
Unit trusts	1,863	5,704	0	0	53,244	19,932	0	0	0	0	55,107	25,636
Investment-linked units	18,208	5,000	7,050	7,407	6,095	6,423	0	0	0	0	31,353	18,830
Loans	19,995	975	0	20,500	692,430	704,674	0	0	0	0	712,425	726,149
Fixed and call deposits	78,676	162,977	14,512	19,615	593,283	616,631	18,900	5,000	74,833	58,607	780,204	862,830
Associated companies	60,510	56,862	0	0	0	0	0	0	0	0	60,510	56,862
Reinsurance assets	0	0	47,960	53,569	23,386	24,886	93,575	71,480	1,865	872	166,786	150,807
Insurance receivables	0	0	37,450	40,672	28,851	39,124	42,477	36,405	0	0	108,778	116,201
Trade and other receivables	91,986	85,902	5,342	9,331	126,136	121,255	3,070	5,185	14,506	14,832	241,040	236,505
Tax recoverable	21,738	21,976	6,559	2,763	13,287	13,421	0	0	25	64	41,609	38,224
Deferred tax assets	8,947	8,535	631	1,511	15,438	13,616	0	7	0	39	25,016	23,708
Cash and bank balances	10,015	5,663	1,810	1,718	14,146	14,724	957	1,071	215	10,510	27,143	33,686
Assets classified as held for sale	1,425	1,455	860,635	784,990	0	0	0	0	0	0	862,060	786,445
TOTAL ASSETS	571,893	545,190	1,071,975	1,101,570	6,563,289	6,515,304	164,041	124,121	156,776	127,466	8,527,974	8,413,651

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

A14. Unaudited Condensed Consolidated Statement of Financial Position by Funds (continued)
As at 31 March 2010

	Shareholders' Fund		General Fund		Life Fund		General Takaful Fund		Family Takaful Fund		Total	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES												
LIABILITIES												
Insurance contract liabilities	0	0	111,516	116,205	5,705,804	5,634,637	121,922	92,790	138,633	110,201	6,077,875	5,953,833
Investment contract liabilities	0	0	0	0	50,069	53,639	0	0	0	0	50,069	53,639
Financial liabilities												
Borrowings - unsecured												
- Medium Term Notes	170,000	200,000	0	0	0	0	0	0	0	0	170,000	200,000
- Term loan	10,000	10,000	0	0	0	0	0	0	0	0	10,000	10,000
- Bank overdrafts	11,136	11,419	0	0	0	0	0	0	0	0	11,136	11,419
Insurance payables	0	0	12,895	21,373	708,372	686,694	36,739	28,184	5,977	2,785	763,983	739,036
Trade and other payables	49,906	1,500	28,306	109,929	71,683	122,525	5,364	3,147	12,032	14,424	167,291	251,525
Provision for life agents' retirement benefits	0	0	0	0	2,790	2,780	0	0	0	0	2,790	2,780
Current tax liabilities	11,319	10,827	1,128	1,222	16,254	11,760	0	0	93	51	28,794	23,860
Deferred tax liabilities	6,745	6,773	4,649	0	8,317	3,269	16	0	41	5	19,768	10,047
Liabilities classified as held for sale	4	3	907,692	846,998	0	0	0	0	0	0	907,696	847,001
TOTAL LIABILITIES	259,110	240,522	1,066,186	1,095,727	6,563,289	6,515,304	164,041	124,121	156,776	127,466	8,209,402	8,103,140
EQUITY												
Share capital	304,354	304,354	0	0	0	0	0	0	0	0	304,354	304,354
Retained earnings	(24,074)	(28,855)	0	0	0	0	0	0	0	0	(24,074)	(28,855)
Reserves	(1,797)	(4,778)	5,789	5,843	0	0	0	0	0	0	3,992	1,065
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	278,483	270,721	5,789	5,843	0	0	0	0	0	0	284,272	276,564
Minority interest	34,300	33,947	0	0	0	0	0	0	0	0	34,300	33,947
TOTAL EQUITY	312,783	304,668	5,789	5,843	0	0	0	0	0	0	318,572	310,511
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES												
	571,893	545,190	1,071,975	1,101,570	6,563,289	6,515,304	164,041	124,121	156,776	127,466	8,527,974	8,413,651

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

A15. Discontinued Operations and Disposal Group Classified As Held for Sale

	Shareholders' Fund		General Fund		Total	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
(1) Assets classified as held for sale comprise:						
Property, plant and equipment	0	0	3,395	3,959	3,395	3,959
Intangible assets	0	0	1,374	1,522	1,374	1,522
Investments	1,400	1,400	541,740	483,795	543,140	485,195
Malaysian Government Securities/Government Investment Issues	0	0	77,837	77,939	77,837	77,939
Corporate debt securities	0	0	237,015	234,404	237,015	234,404
Equity securities	0	0	45,537	28,692	45,537	28,692
Loans	0	0	902	1,065	902	1,065
Fixed and call deposits	1,400	1,400	180,449	141,695	181,849	143,095
Reinsurance assets	0	0	233,605	229,069	233,605	229,069
Insurance receivables	0	0	52,228	48,083	52,228	48,083
Trade and other receivables	10	2	10,338	7,991	10,348	7,993
Cash and bank balances	15	53	17,955	10,571	17,970	10,624
TOTAL ASSETS	1,425	1,455	860,635	784,990	862,060	786,445

(2) Liabilities classified as held for sale comprise:

Insurance contract liabilities	0	0	735,849	698,819	735,849	698,819
Insurance payables	0	0	97,051	77,453	97,051	77,453
Trade and other payables	3	3	74,792	70,726	74,795	70,729
Current tax liabilities	1	0	0	0	1	0
TOTAL LIABILITIES	4	3	907,692	846,998	907,696	847,001

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

**A16. Unaudited Condensed Consolidated Income Statements by Funds
For the First Quarter Ended 31 March 2010**

Continuing Operations

	Shareholders' Fund		General Fund		Life Fund		General Takaful Fund		Family Takaful Fund		Total	
	3 months ended		3 months ended		3 months ended		3 months ended		3 months ended		3 months ended	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	17,566	13,578	13,418	15,927	314,248	322,809	20,309	8,539	42,219	11,848	407,760	372,701
Gross earned premium	0	0	13,197	15,673	248,080	269,488	20,199	8,520	41,651	11,632	323,127	305,313
Premium ceded to reinsurers	0	0	(11,022)	(13,712)	(2,898)	(266)	(12,895)	(6,708)	(988)	0	(27,803)	(20,686)
Net earned premiums	0	0	2,175	1,961	245,182	269,222	7,304	1,812	40,663	11,632	295,324	284,627
Investment income	2,412	1,453	221	254	66,168	53,321	110	19	568	216	69,479	55,263
Realised gains and losses	194	0	0	0	9,643	1,863	0	0	654	(270)	10,491	1,593
Fair value gains and losses	143	49	(7)	142	49,415	9,860	0	0	949	161	50,500	10,212
Fee and commission income	0	0	1,352	2,445	2,076	1,826	3,690	1,192	149	0	7,267	5,463
Other operating revenue from non-insurance businesses	15,154	12,125	0	0	0	0	0	0	0	0	15,154	12,125
Wakalah fee from takaful business	19,039	7,981	0	0	0	0	0	0	0	0	19,039	7,981
Other operating income/(expenses) - net	(3,029)	23,768	35	778	(500)	(182)	(367)	(860)	(1,064)	(401)	(4,925)	23,103
Other revenue	33,913	45,376	1,601	3,619	126,802	66,688	3,433	351	1,256	(294)	167,005	115,740
Gross benefits and claims paid	0	0	(25,717)	(10,776)	(245,402)	(251,130)	(2,002)	(627)	(4,824)	(1,418)	(277,945)	(263,951)
Claims ceded to reinsurers	0	0	21,727	10,084	2,259	5,353	1,119	309	993	0	26,098	15,746
Gross change to contract liabilities	0	0	1,446	(2,011)	(81,009)	(41,426)	(7,961)	(1,426)	(26,712)	(4,039)	(114,236)	(48,902)
Change in contract liabilities ceded to reinsurers	0	0	(408)	702	(1,501)	(2,685)	5,770	1,681	0	0	3,861	(302)
Net claims	0	0	(2,952)	(2,001)	(325,653)	(289,888)	(3,074)	(63)	(30,543)	(5,457)	(362,222)	(297,409)
Fee and commission expense	0	0	(2,470)	(2,748)	(22,763)	(24,262)	0	0	0	0	(25,233)	(27,010)
Management expenses	(32,821)	(23,663)	(2,683)	(1,929)	(23,563)	(21,755)	0	0	0	0	(59,067)	(47,347)
Wakalah fee payable to Shareholders' fund	0	0	0	0	0	0	(7,663)	(2,100)	(11,376)	(5,881)	(19,039)	(7,981)
Finance cost	(2,816)	(4,131)	0	0	(5)	(5)	0	0	0	0	(2,821)	(4,136)
Other expenses	(35,637)	(27,794)	(5,153)	(4,677)	(46,331)	(46,022)	(7,663)	(2,100)	(11,376)	(5,881)	(106,160)	(86,474)
Share of profit/(loss) of associate companies, net of tax	(55)	1,689	0	0	0	0	0	0	0	0	(55)	1,689
Profit/(loss) before taxation	(1,779)	19,271	(4,329)	(1,098)	0	0	0	0	0	0	(6,108)	18,173
Taxation	(954)	(1,055)	0	0	0	0	0	0	0	0	(954)	(1,055)
Profit/(loss) for the financial period	(2,733)	18,216	(4,329)	(1,098)	0	0	0	0	0	0	(7,062)	17,118

MAA HOLDINGS BERHAD (471403-A)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010**A16. Unaudited Condensed Consolidated Income Statements by Funds (continued)
For the First Quarter Ended 31 March 2010****Discontinued Operations**

	Shareholders' Fund		General Fund		Total	
	3 months ended		3 months ended		3 months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Operating revenue	9	12	132,395	96,800	132,404	96,812
Gross earned premium	0	0	126,569	91,830	126,569	91,830
Premium ceded to reinsurers	0	0	(24,454)	(21,968)	(24,454)	(21,968)
Net earned premiums	0	0	102,115	69,862	102,115	69,862
Investment income	9	12	5,826	4,970	5,835	4,982
Realised gains and losses	0	0	(3,633)	(527)	(3,633)	(527)
Fair value gains and losses	0	0	6,517	2,680	6,517	2,680
Fee and commission income	0	0	8,994	7,523	8,994	7,523
Other operating revenue from non- insurance businesses	0	0	0	0	0	0
Wakalah fee from takaful business	0	0	0	0	0	0
Other operating income/(expenses) - net	0	0	(614)	1,048	(614)	1,048
Other revenue	9	12	17,090	15,694	17,099	15,706
Gross benefits and claims paid	0	0	(55,711)	(66,745)	(55,711)	(66,745)
Claims ceded to reinsurers	0	0	7,831	23,839	7,831	23,839
Gross change to contract liabilities	0	0	(11,601)	(3,852)	(11,601)	(3,852)
Change in contract liabilities ceded to reinsurers	0	0	2,186	(391)	2,186	(391)
Net claims	0	0	(57,295)	(47,149)	(57,295)	(47,149)
Fee and commission expense	0	0	(25,285)	(13,927)	(25,285)	(13,927)
Management expenses	(2)	(3)	(22,164)	(17,460)	(22,166)	(17,463)
Wakalah fee payable to Shareholders' fund	0	0	0	0	0	0
Finance cost	0	0	0	0	0	0
Other expenses	(2)	(3)	(47,449)	(31,387)	(47,451)	(31,390)
Share of profit/(loss) of associate companies, net of tax	0	0	0	0	0	0
Profit/(loss) before taxation	7	9	14,461	7,020	14,468	7,029
Taxation	(1)	0	(2,271)	(747)	(2,272)	(747)
Profit/(loss) for the financial period	6	9	12,190	6,273	12,196	6,282

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

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

B1. Review of Group Performance

Operating revenue

For the three (3) months ended 31 March 2010, the Group's total operating revenue increased by 15.1% to RM540.2 million (2009: RM469.5 million).

The gross earned premium of General Insurance Division increased by 30.0% to RM139.8 million (2009: RM107.5 million), of which the continuing operations recorded a decrease of 15.9% to RM13.2 million (2009: RM15.7 million) and the discontinued operations increased by 37.9% to RM126.6 million (2009: RM91.8 million). The Life Insurance Division's gross earned premium decreased by 7.9% to RM248.1 million (2009: RM269.5 million).

Under the takaful business, the General Takaful Division and Family Takaful Division registered gross earned contribution of RM20.2 million (2009: RM8.5 million) and RM41.7 million (2009: RM11.6 million) respectively.

Profit before taxation

The Group recorded a profit before taxation of RM8.4 million compared to a profit before taxation of RM25.2 million in the previous financial year's corresponding period.

The Shareholders' Fund recorded a loss before taxation of RM1.8 million (2009: profit before taxation of RM19.3 million). The General Insurance Division recorded a profit before taxation of RM10.2 million (2009: profit before taxation of RM5.9 million), of which the continuing operations registered a loss before taxation of RM4.3 million (2009: loss before taxation of RM1.1 million) whereas the discontinued operations registered a profit before taxation of RM14.5 million (2009: profit before taxation of RM7.0 million). The discontinued operations of the General Insurance Division represent the General Insurance Business of MAA classified as such to comply with FRS 5: Non-Current Assets Held For Sales and Discontinued Operations following announcement by the Company as disclosed in note B8(a) of the report.

The profit in Shareholders' Fund in the previous financial year's corresponding period arose mainly from reversal of fair value loss of RM25.3 million arising from an interest rate swap transaction resulted from improvement in the market condition of the US municipal bond. To mitigate the exposure to any further volatility in the interest rate swap, the transaction was terminated by the Company in December 2009.

The higher profit before taxation of local General Insurance Division in the current financial period under review was mainly due to increase in gross earned premium and a higher fair value gain of RM6.5 million (2009: fair value gain of RM2.7 million).

The Life Insurance Division has also recorded a higher fair value gain of RM49.4 million compared to a fair value gain of RM9.9 million in previous financial year's corresponding period. However, consistent with the prior years' practice, no profit/loss was transferred from/to the Life Insurance Fund to the Shareholders' Fund as such the transfer is only done at the financial year-end.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

B2. Comparison with the Preceding Quarter's Results

During the current financial quarter under review, the Group registered a profit before taxation of RM8.4 million as compared to a profit before taxation of RM16.3 million in the preceding financial quarter, of which the continuing operations registered a loss before tax of RM6.1 million (preceding quarter 2009: profit before tax of RM8.8 million) and the discontinued operations registered a profit before tax of RM14.5 million (preceding quarter 2009: profit before tax of RM7.5 million).

The higher profit before taxation in the preceding financial quarter was mainly due to reversal of fair value loss of RM8.9 million on the interest rate swap transaction as recorded by the Shareholders' Fund. FRS 139 - Financial Instruments: Recognition and Measurement requires the calculation of the Mark-To-Market value of the interest rate swap, with the resulting fair value gain or loss arising thereon to be accounted for in the income statement at the end of each reporting month. To mitigate the exposure to any further volatility in the interest rate swap, the transaction was terminated by the Company in December 2009.

For the current financial period under review, consistent with the prior years' practice, no profit/loss was transferred from/to the Life Insurance Fund to the Shareholders' Fund as such the transfer is only done at the financial year end.

B3. Prospects

In view that the Malaysian economy is expected to improve in 2010, the Group expects the operating environment in the financial services sector to have a promising outlook. However, the Group expects more competition in the insurance industry in terms of product innovation and distribution methods. Notwithstanding this, the Group will continue its efforts to implement management action plans to re-strategise its business model and improve asset quality.

Barring unforeseen circumstances, the Group expects its performance for the current financial year ending to perform in tandem with the insurance industry and the Malaysian economy.

B4. Profit Forecast

This note is not applicable.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

B5. Taxation

	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	RM'000	RM'000	RM'000	RM'000
<u>CONTINUING OPERATIONS</u>				
<u>Current tax</u>				
Current financial period	1,107	746	1,107	746
Over provision in prior years	(117)	-	(117)	-
	990	746	990	746
<u>Deferred tax</u>				
Current financial period	3	309	3	309
Over provision in prior years	(39)	-	(39)	-
	(36)	309	(36)	309
Tax expense	954	1,055	954	1,055
<u>DISCONTINUED OPERATIONS</u>				
<u>Current tax</u>				
Current financial period	1	638	1	638
<u>Deferred tax</u>				
Current financial period	2,271	109	2,271	109
Tax expense	2,272	747	2,272	747

For the current financial year under review, the Group's effective tax rate was lower than the statutory tax rate due to the effects of certain income not subject to tax and over provision in prior financial year for some of its subsidiary companies.

B6. Unquoted Investments and Properties

The profit from sale of unquoted investments and investment properties by the insurance subsidiaries for the current financial quarter amounted to RM4.4 million.

B7. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial quarter under review by the Group other than by the insurance subsidiaries, which are exempted from disclosure of this information.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

B8. Status of Corporate Proposals

- (a) On 10 November 2008, the Company announced the entering into a non-binding memorandum of understanding (“MOU”) between MAA and AMG Insurance Berhad (“AMG”) to formalise discussions on the proposed acquisition by AMG of the General Insurance Business of MAA at a headline price of RM274.8 million (subject to adjustments), and the acquisition of a 4.9% stake in MAA Takaful Berhad (“MAA Takaful”) for a total consideration of RM16.2 million, equivalent to RM3.30 per share (collectively “Proposed Transactions”).

The Proposed Transactions is subject to the approvals being obtained from the followings:

- (i) Bank Negara Malaysia (“BNM”) for the scheme of transfer under the business transfer agreement;
- (ii) Minister of Finance, based on the recommendation of BNM, pursuant to the Insurance Act, 1996;
- (iii) Foreign Investment Committee (if required);
- (iv) Securities Commission (“SC”) (if required);
- (v) Malaysian High Court for the confirmation of scheme of transfer;
- (vi) Shareholders of the Company

On 26 February 2009, the Company announced that both MAA and AMG were working towards finalising a business transfer agreement (“BTA”) in relation to the proposed disposal of the General Insurance Business of MAA prior to the submission of the said agreement to BNM for approval.

On 24 April 2009, the Company announced that the headline price was revised to RM254.83 million (subject to adjustments) and an application to BNM seeking its approval for the proposed disposal of General Insurance Business of MAA to AMG (“the Proposed Disposal”) was submitted. The execution of the BTA was subject to BNM’s approval which is currently pending. The Company and MAA had also granted AMG an extension of 120 days to the exclusivity period under the MOU.

On 27 April 2009, the Company had submitted an application to the SC on the Proposed Disposal.

On 21 July 2009, the Company announced that the SC approved the Proposed Disposal via its letter dated 20 July 2009 (which was received on 21 July 2009). However, the Proposed Disposal was still subject to the approval from BNM and Shareholders of the Company.

On 17 November 2009, the Company announced that after further negotiations the headline price was revised to RM180 million (subject to adjustments). The revised headline price was arrived at after taking into consideration the standalone value of the General Insurance Business without a strategic cooperation arrangement on the takaful business with MAA Takaful. The profit for the financial year ended 31 December 2009 and prior to the completion date of the General Insurance Business will be accrued to MAA.

An application in respect of the revised terms on the Proposed Disposal was submitted to BNM for approval. On 6 January 2010, the Company announced that BNM had via its letter dated 5 January 2010 granted its approval on the Proposed Disposal pursuant to Section 130 of the Insurance Act, 1996. On 12 February 2010, the Company further announced that the SC has approved the revised indicative headline price of RM180 million (subject to adjustments) for the Proposed Disposal via its letter date 10 February 2010.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

B8. Status of Corporate Proposals (continued)

- (b) On 29 April 2010, the Company announced that its wholly-owned subsidiary, MAA, had received approval from BNM via BNM's letter dated 11 March 2010 for MAA to undertake the necessary measures to meet the minimum supervisory target level of capital adequacy ratio that is required to be maintained by all insurers under the Risk-Based Capital Framework.

Other than as stated above, as at the date of this report, there is no corporate proposal that has been announced but not completed as at 25 May 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B9. Group Borrowings (unsecured)

The Group borrowings include:

	<u>As at 31.03.2010</u> RM'000	<u>As at 31.12.2009</u> RM'000 (Audited)
<u>Short term</u>		
Term loan	10,000	10,000
Medium terms notes	-	30,000
Bank overdrafts	11,136	11,419
	<u>21,136</u>	<u>51,419</u>
<u>Long term</u>		
Medium terms notes	170,000	170,000
	<u>170,000</u>	<u>170,000</u>
Total Group Borrowings	<u>191,136</u>	<u>221,419</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 25 May 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B11. Material Litigation

There were no material litigations as at 25 May 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B12. Dividends

The Board of Directors does not recommend the payment of any dividend for the financial period ended 31 March 2010.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010

B13. Earnings Per Ordinary Share

	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial period (RM'000)				
- Continuing operations	(7,415)	17,694	(7,415)	17,694
- Discontinued operations	12,196	6,282	12,196	6,282
	<u>4,781</u>	<u>23,976</u>	<u>4,781</u>	<u>23,976</u>
Weighted average number of ordinary shares in issue ('000)	304,354	304,354	304,354	304,354
Basic earnings/(loss) per share (sen)				
- Continuing operations	(2.44)	5.81	(2.44)	5.81
- Discontinued operations	4.01	2.06	4.01	2.06
	<u>1.57</u>	<u>7.87</u>	<u>1.57</u>	<u>7.87</u>

By Order of the Board
Lily Yin Kam May
Yeo Took Keat
Company Secretaries

KUALA LUMPUR
DATE: 31 May 2010
File: MAAH – 1QtrNotes-310310