

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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 period under review.

A5. Change in Accounting Estimates

There was no material changes in basis used for accounting estimates for the current financial period 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 Term Notes up to a tenure of 5 years.

On 29 June 2010, the Company repaid and fully settled term loan of RM10 million as scheduled.

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 period 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 30 SEPTEMBER 2010

A8. Segment Information (continued)

9 months ended 30 September 2010

	Insurance			Takaful			Shareholders' fund	Unit trust fund management	All other segments	Total
	Life insurance	General insurance	General insurance (Discontinued operations)**	General Takaful	Family Takaful	Shareholders' fund				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue										
External revenue	903,444	61,045	409,239	67,326	115,740	3,131	25,119	20,133	1,610,751	
Inter-segment revenue	2,968	0	192	0	0	0	0	14,220	17,380	
Total operating revenue	906,412	61,045	409,431	67,326	115,740	3,131	25,119	34,353	1,628,131	
Results										
Segment results	13,733	(3,211)	35,902	0	0	2,273	3,677	(4,907)	53,468	
Transfer from life reserves	(13,733)	0	0	0	0	0	0	0	(13,733)	
Profit/(loss) from operations	0	(3,211)	35,902	0	0	2,273	3,677	(4,907)	39,735	

Elimination of inter-segment profits
Finance cost
Share of loss of associate companies not included in reportable segments
Consolidated profit before taxation

(310)
(9,190)
(653)
29,582

No profit or loss was transferred from/to the Life Insurance Fund and Family Takaful Fund to the Shareholders' Fund as such the transfer is only done at the financial year.

* consist of profit/(loss) before taxation from:

	RM'000
- continuing operations	(8,696)
- discontinued operations**	38,278
	<u>29,582</u>

**Discontinued operation represents the General Insurance Business of MAA.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A8. Segment Information (continued)

9 months ended 30 September 2009

	Insurance		Takaful				Unit trust fund management	All other segments	Total
	Life insurance	General insurance	General insurance	Shareholders' fund	General Takaful	Family Takaful			
RM'000	(Continuing operations) RM'000	(Discontinued operation)** RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue									
External revenue	973,981	313,050	1,990	35,955	52,902	2,579	19,210	22,011	1,472,942
Inter-segment revenue	2,379	342	0	0	0	0	0	12,121	14,842
Total operating revenue	976,360	313,392	1,990	35,955	52,902	2,579	19,210	34,132	1,487,784
Results									
Segment results	(196,306)	26,934	585	0	0	792	1,953	26,497	(148,186)
Transfer to life reserves	196,306	0	0	0	0	0	0	0	196,306
Profit/(loss) from operations	0	(8,641)	585	0	0	792	1,953	26,497	48,120

Elimination of inter-segment profits
Finance cost
Share of profit of associate companies not included in reportable segments
Consolidated profit before taxation

No profit or loss was transferred from/to the Life Insurance Fund and Family Takaful Fund to the Shareholders' Fund as such the transfer is only done at the financial year.

* consist of profit/(loss) before taxation from:

- continuing operations	RM'000
- discontinued operations**	11,761
	29,866
	<u>41,627</u>

** Discontinued operation represents the General Insurance Business of MAA.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 period under review to the date of this interim report.

A11. Changes in Composition of the Group

- (a) On 24 August 2009, MAA Corporation Sdn Bhd ("MAA Corp"), a wholly owned subsidiary company of the Company 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.
- (b) On 7 September 2010, Mithril Berhad ("Mithril") ceased to be an associated company of the Group with the reduction in the Group's interest from 20.08% to 16.71% arose from the disposal of 3,335,435 Mithril shares in the open market. The Group recorded a total loss on disposal of RM 253,078. Subsequent to 7 September 2010, the Group's interest in Mithril has been reclassified as available-for-sale financial assets.
- (c) On 15 October 2010, MAA Corp disposed 100% and 55% equity interests in subsidiary companies that had ceased operations, namely MAA Universal Sdn Bhd and MAA Fire-X Sdn Bhd respectively, for a cash consideration of RM1 each.

MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary company of MAA Corp had also on 15 October 2010 disposed 100% equity interest in a dormant subsidiary company, MPE Private-Equity Sdn Bhd for a cash consideration of RM1 each.

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>30.09.2010</u>	<u>As at</u> <u>31.12.2009</u>
	RM'000	RM'000
Performance bonds and guarantees	<u>346,388</u>	<u>243,940</u>

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A12. Contingencies (continued)

- (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 Pecen ("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 was fixed for Pre Trial Case Management on 24 September 2010. On 24 September 2010, the Court fixed 12 November 2010 for the parties to submit their documents. The case is now fixed for Hearing on the 24, 25 and 26 January 2011.

MAM has also during FY 2005 commenced legal proceedings against its former employee and other related parties to the former employee ("Defendants") to recover, inter alia, the loss of investment moneys of its clients, MAA and KWAP together with interest and general damages. The matter was fixed for trial on 28 June 2010 to 1 July 2010. On 28 June 2010, the Defendants decided not to defend their case and Judgment was obtained against the Defendants.

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 was fixed for Pre Trial Case Management on 24 September 2010. On 24 September 2010, the Court fixed 12 November 2010 for the parties to submit their documents. The case is now fixed for Hearing on the 24, 25 and 26 January 2011.

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. On 4 June 2010, the Custodian filed an application to strike off the Third Party application. The application to strike off the Third Party application was allowed by the Court. The matter is now fixed for further Pre-Trial Case Management on 2 December 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 defense 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.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A13. Capital Commitments

Capital commitments not provided for in the interim financial report as at 30 September 2010 is as follows:

	RM'000
Approved and contracted for	<u>16,130</u>
Analysed as follows:	
- property, plant and equipment	2,585
- investment properties	<u>13,545</u>

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

**A14. Condensed Consolidated Statement of Financial Position by Funds
As at 30 September 2010**

	Shareholders' Fund		General Fund		Life Fund		General Takaful Fund		Family Takaful Fund		Total	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
ASSETS												
Property, Plant and equipments	75,161	12,271	597	64,287	212,552	232,475	0	0	0	0	288,310	309,033
Intangible assets	8,258	8,696	0	1	3,727	3,822	0	0	0	0	11,985	12,519
Investment properties	6,995	4,031	24,056	30,779	522,915	535,355	0	0	0	0	553,966	570,165
Investments	300,191	339,799	76,145	111,949	5,832,694	5,516,626	41,064	9,973	152,978	101,149	6,403,072	6,079,496
Malaysian Government Securities/Government Investment Issue	65,952	60,631	0	0	103,421	122,802	0	0	0	0	169,373	183,433
Malaysian Government Guaranteed Financing	0	0	0	0	0	0	5,341	4,973	5,375	5,018	10,716	9,991
Corporate debt securities	95,711	77,794	58,046	63,458	3,459,287	3,285,739	19,469	0	43,011	13,332	3,613,044	3,426,991
Islamic debt securities	0	0	0	0	0	0	0	0	0	0	62,480	13,332
Equity securities	29,221	26,718	22	969	804,594	760,425	0	0	45,449	24,192	879,286	812,304
Unit trusts	1,907	5,704	0	0	66,652	19,932	0	0	0	0	68,559	25,636
Investment-linked units	17,513	5,000	6,944	7,407	5,936	6,423	0	0	0	0	12,880	18,830
Loans	89,887	162,977	11,133	20,500	685,303	704,674	0	0	0	0	702,816	726,149
Fixed and call deposits	52,548	56,862	0	19,615	707,501	616,631	16,254	5,000	59,143	58,607	883,918	862,830
Associated companies	0	0	42,410	53,569	26,585	24,886	0	0	0	0	52,548	56,862
Reinsurance assets	0	0	43,726	40,672	32,582	39,124	153,713	71,480	10,924	3,149	233,632	153,084
Insurance receivables	0	0	7,314	9,331	99,623	121,255	46,040	36,405	829	0	123,177	116,201
Trade and other receivables	117,914	85,902	2,763	2,763	12,633	13,421	15,493	5,185	18,098	14,832	258,442	236,505
Tax recoverable	21,835	21,976	1,107	1,511	9,334	13,616	0	0	0	64	37,231	38,224
Deferred tax assets	2,811	8,535	1,455	1,718	15,465	14,724	402	1,071	6,943	10,510	13,252	23,708
Cash and bank balances	10,981	5,663	838,755	784,990	0	0	0	0	0	0	35,246	33,686
Assets classified as held for sale	0	1,455	1,038,328	1,101,570	6,768,110	6,515,304	256,712	124,121	189,772	129,743	8,849,616	8,415,928
TOTAL ASSETS	596,694	545,190	1,038,328	1,101,570	6,768,110	6,515,304	256,712	124,121	189,772	129,743	8,849,616	8,415,928

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

**A14. Unaudited Condensed Consolidated Statement of Financial Position by Funds (continued)
As at 30 September 2010**

	Shareholders' Fund		General Fund		Life Fund		General Takaful Fund		Family Takaful Fund		Total	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES												
LIABILITIES												
Insurance contract liabilities	0	0	104,423	116,205	5,744,955	5,634,637	195,537	92,790	161,208	112,478	6,206,123	5,956,110
Investment contract liabilities	0	0	0	0	40,000	53,639	0	0	0	0	40,000	53,639
Financial liabilities												
Borrowings - unsecured	170,000	200,000	0	0	0	0	0	0	0	0	170,000	200,000
- Medium Term Notes	0	10,000	0	0	0	0	0	0	0	0	0	10,000
- Term loan	0	11,419	0	0	0	0	0	0	0	0	0	11,419
- Bank overdrafts	11,636	0	0	0	0	0	0	0	0	0	11,636	0
Insurance payables	0	0	19,720	21,373	849,349	686,694	48,890	28,184	12,720	2,785	930,679	739,036
Trade and other payables	69,572	1,500	44,264	109,929	95,929	122,525	12,285	3,147	14,934	14,424	236,984	251,525
Provision for life agents' retirement benefits	0	0	0	0	2,804	2,780	0	0	0	0	2,804	2,780
Current tax liabilities	12,020	10,827	2,023	1,222	16,132	11,760	0	0	585	51	30,760	23,860
Deferred tax liabilities	334	6,773	7,752	0	18,941	3,269	0	0	325	5	27,352	10,047
Liabilities classified as held for sale	0	0	848,102	846,998	0	0	0	0	0	0	848,102	847,001
TOTAL LIABILITIES	263,562	240,522	1,026,284	1,095,727	6,768,110	6,515,304	256,712	124,121	189,772	129,743	8,504,440	8,105,417
EQUITY												
Share capital	304,354	304,354	0	0	0	0	0	0	0	0	304,354	304,354
Retained earnings	(9,172)	(28,855)	0	0	0	0	0	0	0	0	(9,172)	(28,855)
Reserves	3,572	(4,778)	12,044	5,843	0	0	0	0	0	0	15,616	1,065
TOTAL EQUITY	298,754	270,721	12,044	5,843	0	0	0	0	0	0	310,798	276,564
ATTRIBUTABLE TO OWNERS OF THE COMPANY												
Minority interest	34,378	33,947	0	0	0	0	0	0	0	0	34,378	33,947
TOTAL EQUITY	333,132	304,668	12,044	5,843	0	0	0	0	0	0	345,176	310,511
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES	596,694	545,190	1,038,328	1,101,570	6,768,110	6,515,304	256,712	124,121	189,772	129,743	8,849,616	8,415,928

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

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

	Shareholders' Fund		General Fund		Total	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
(1) Assets classified as held for sale comprise:						
Property, plant and equipment	0	0	3,196	3,959	3,196	3,959
Intangible assets	0	0	1,449	1,522	1,449	1,522
Investments	0	1,400	581,606	483,795	581,606	485,195
Malaysian Government Securities/Government						
Investment issues	0	0	77,899	77,939	77,899	77,939
Corporate debt securities	0	0	310,289	234,404	310,289	234,404
Equity securities	0	0	50,519	28,692	50,519	28,692
Loans	0	0	801	1,065	801	1,065
Fixed and call deposits	0	1,400	142,098	141,695	142,098	143,095
Reinsurance assets	0	0	198,595	229,069	198,595	229,069
Trade and other receivables	0	0	34,391	48,083	34,391	48,083
Trade and other receivables	0	2	12,341	7,991	12,341	7,993
Cash and bank balances	0	53	7,177	10,571	7,177	10,624
TOTAL ASSETS	0	1,455	838,755	784,960	838,755	786,445

(2) Liabilities classified as held for sale comprise:

Insurance contract liabilities	0	0	718,566	698,819	718,566	698,819
Insurance payables	0	0	54,759	77,453	54,759	77,453
Trade and other payables	0	3	74,777	70,726	74,777	70,729
Current tax liabilities	0	0	0	0	0	0
TOTAL LIABILITIES	0	3	848,102	846,998	848,102	847,001

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A16. Unaudited Condensed Consolidated Income Statements by Funds
For the Third Quarter Ended 30 September 2010

Continuing Operations

	Shareholders' Fund			General Fund			Life Fund			General Takatful Fund			Family Takatful Fund			Total		
	9 months ended			9 months ended			9 months ended			9 months ended			9 months ended			9 months ended		
	30 Sept 2010	30 Sept 2009	RM'000	30 Sept 2010	30 Sept 2009	RM'000	30 Sept 2010	30 Sept 2009	RM'000	30 Sept 2010	30 Sept 2009	RM'000	30 Sept 2010	30 Sept 2009	RM'000	30 Sept 2010	30 Sept 2009	RM'000
Operating revenue	53,957	45,778		61,045	51,264		903,444	973,981		67,326	35,955		115,740	52,902		1,201,512	1,159,880	
Gross earned premium	0	0		60,582	50,525		697,811	779,794		66,550	35,857		113,047	52,047		937,990	918,223	
Premium ceded to reinsurers	0	0		(39,123)	(42,787)		(9,688)	(8,088)		(42,177)	(29,551)		(4,747)	(210)		(95,735)	(80,636)	
Net earned premiums	0	0		21,459	7,738		688,123	771,706		24,373	6,306		108,300	51,837		842,255	837,587	
Investment income	6,807	3,902		463	739		205,633	194,187		776	98		2,693	855		216,372	199,781	
Realised gains and losses	2,828	(220)		0	0		16,609	10,957		0	0		2,159	695		21,596	11,432	
Fair value gains and losses	971	734		63	501		128,927	145,463		0	0		4,588	4,844		134,519	151,542	
Fee and commission income	0	0		5,094	8,763		13,021	11,303		9,694	6,755		749	0		28,558	26,821	
Other operating revenue from non-insurance businesses	47,150	41,876		0	0		0	0		0	0		0	0		47,150	41,876	
Wakalah fee from takatful business	57,644	34,325		0	0		0	0		0	0		0	0		57,644	34,325	
Other operating income/(expenses) - net	(5,140)	29,710		162	149		(1,210)	(1,383)		(745)	(670)		(3,852)	(1,789)		(10,785)	26,017	
Other revenue	110,260	110,327		5,782	10,152		362,980	360,527		9,725	6,183		6,307	4,605		495,054	491,794	
Gross benefits and claims paid	0	0		(62,256)	(44,166)		(895,579)	(818,392)		(10,942)	(3,649)		(39,302)	(15,776)		(1,008,079)	(881,983)	
Claims ceded to reinsurers	0	0		54,337	40,055		6,823	10,873		6,299	2,112		3,932	0		71,391	53,040	
Gross change to contract liabilities	0	0		(4,020)	(28,018)		(14,471)	(177,340)		(10,200)	(13,938)		(42,767)	(17,457)		(71,458)	(236,753)	
Change in contract liabilities ceded to reinsurers	0	0		(1,303)	23,562		1,699	2,675		1,919	14,102		0	0		2,315	40,339	
Net claims	0	0		(13,242)	(8,567)		(901,528)	(982,184)		(12,924)	(1,373)		(78,137)	(33,233)		(1,005,831)	(1,025,357)	
Fee and commission expense	0	0		(9,835)	(11,641)		(78,752)	(82,221)		0	0		0	0		(88,587)	(93,862)	
Management expenses	(106,251)	(84,125)		(7,041)	(5,877)		(70,808)	(67,814)		0	0		0	0		(184,100)	(157,816)	
Wakalah fee payable to Shareholders' fund	0	0		0	0		0	0		(21,174)	(11,116)		(36,470)	(23,209)		(57,644)	(34,325)	
Finance cost	(9,175)	(8,911)		0	0		(15)	(14)		0	0		0	0		(9,190)	(8,925)	
Other expenses	(115,426)	(93,036)		(16,876)	(17,518)		(149,575)	(150,049)		(21,174)	(11,116)		(36,470)	(23,209)		(339,521)	(294,928)	
Share of profit/(loss) of associate companies, net of tax	(653)	2,665		0	0		0	0		0	0		0	0		(653)	2,665	
Profit/(loss) before taxation	(5,819)	19,956		(2,877)	(8,195)		0	0		0	0		0	0		(8,696)	11,761	
Taxation	(1,226)	653		0	0		0	0		0	0		0	0		(1,226)	653	
Profit/(loss) for the financial period	(7,045)	20,609		(2,877)	(8,195)		0	0		0	0		0	0		(9,922)	12,414	

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A16. Unaudited Condensed Consolidated Income Statements by Funds (continued)
For the Third Quarter Ended 30 September 2010

Discontinued Operations

	Shareholders' Fund 9 months ended 30 Sept 2010 RM'000	General Fund 9 months ended 30 Sept 2010 RM'000	Total 9 months ended 30 Sept 2010 RM'000
Operating revenue	0	409,239	409,239
Gross earned premium	0	390,356	390,356
Premium ceded to reinsurers	0	(78,501)	(78,501)
Net earned premiums	0	311,855	311,855
Investment income	0	18,883	18,883
Realised gains and losses	0	1,117	1,117
Fair value gains and losses	0	4,275	4,275
Fee and commission income	0	22,105	22,105
Other operating revenue from non-insurance businesses	0	0	0
Wakalah fee from takaful business	0	0	0
Other operating income/(expenses) - net	0	(1,050)	(1,050)
Other revenue	0	45,330	45,330
Gross benefits and claims paid	0	(200,001)	(200,001)
Claims ceded to reinsurers	0	38,193	38,193
Gross change to contract liabilities	0	(21,210)	(21,210)
Change in contract liabilities ceded to reinsurers	0	(16,934)	(16,934)
Net claims	0	(199,952)	(199,952)
Fee and commission expense	0	(62,033)	(62,033)
Management expenses	0	(56,922)	(56,922)
Wakalah fee payable to Shareholders' fund	0	0	0
Finance cost	0	0	0
Other expenses	0	(118,955)	(118,955)
Share of profit/(loss) of associate companies, net of tax	0	0	0
Profit/(loss) before taxation	0	38,278	38,278
Taxation	0	(8,242)	(8,242)
Profit/(loss) for the financial period	0	30,036	30,036
	12	313,050	313,062
	0	298,932	298,932
	0	(73,011)	(73,011)
	0	225,921	225,921
	12	14,118	14,130
	0	3,220	3,220
	0	15,149	15,149
	0	21,274	21,274
	0	0	0
	0	0	0
	21	470	491
	33	54,231	54,264
	0	(205,940)	(205,940)
	0	49,525	49,525
	0	(39,626)	(39,626)
	0	46,516	46,516
	0	(149,525)	(149,525)
	(270)	(48,571)	(48,571)
	0	(51,953)	(52,223)
	0	0	0
	(270)	(100,524)	(100,794)
	0	0	0
	(237)	30,103	29,866
	(3)	(6,166)	(6,169)
	(240)	23,937	23,697

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 nine (9) months ended 30 September 2010, the Group's total operating revenue increased by 9.4% to RM1,610.8 million (2009: RM1,472.9 million).

The gross earned premium of General Insurance Division increased by 29.1% to RM451.0 million (2009: RM349.4 million), of which the continuing operations recorded an increase of 20% to RM60.6 million (2009: RM50.5 million) and the discontinued operations recorded an increase of 30.6% to RM390.4 million (2009: RM298.9 million). The Life Insurance Division's gross earned premium decreased by 10.5% to RM697.8 million (2009: RM779.8 million).

Under the takaful business, the General Takaful Division and Family Takaful Division registered gross earned contribution of RM66.6 million (2009: RM35.9 million) and RM113.0 million (2009: RM52.0 million) respectively.

Profit before taxation

The Group recorded a lower profit before taxation of RM29.6 million (2009: profit before taxation of RM41.6 million) in the current financial period.

The Shareholders' Fund recorded a loss before taxation of RM5.8 million (2009: profit before taxation of RM19.7 million). The General Insurance Division recorded a profit before taxation of RM35.4 million (2009: profit before taxation of RM21.9 million), of which the continuing operations registered a loss before taxation of RM2.9 million (2009: loss before taxation of RM8.2 million) whereas the discontinued operations registered a profit before taxation of RM38.3 million (2009: profit before taxation of RM30.1 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 RM37.9 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 tax of the local General Insurance Division in the current financial period under review was mainly due to increase in net earned premium mainly from motor vehicles and personal accident class of businesses and decrease in overall net claim ratio to 64.1% (2009: 66.2%).

The Life Insurance Division recorded a decrease in net earned premium due mainly from the decrease in single premium from Fixed Dividend Endowment. 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 30 SEPTEMBER 2010

B2. Comparison with the Preceding Quarter's Results

During the current financial quarter under review, the Group registered a profit before taxation of RM27.4 million (preceding quarter 2010: loss before taxation of RM6.2 million), of which the continuing operations registered a profit before tax of RM3.5 million (preceding quarter 2010: loss before tax of RM6.1 million) and the discontinued operations registered a profit before tax of RM23.9 million (preceding quarter 2010: loss before tax of RM0.1 million).

The profit before taxation in the current financial quarter was mainly contributed by the local General Insurance Division of the Group.

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

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.

B5. Taxation

	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>30 September</u>		<u>30 September</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	576	880	2,298	1,803
Over provision in prior years	(240)	(2,513)	(802)	(2,513)
	336	(1,633)	1,496	(710)
<u>Deferred tax</u>				
Current financial period	(259)	265	(202)	65
Over provision in prior years	-	(8)	(68)	(8)
	(259)	257	(270)	57
Tax expense/(income)	77	(1,376)	1,226	(653)

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

B5. Taxation (continued)

	<u>3 months ended</u> <u>30 September</u>		<u>9 months ended</u> <u>30 September</u>	
	<u>2010</u> RM'000	<u>2009</u> RM'000	<u>2010</u> RM'000	<u>2009</u> RM'000
<u>DISCONTINUED OPERATIONS**</u>				
<u>Current tax</u>				
Current financial period	363	522	363	522
<u>Deferred tax</u>				
Current financial period	6,919	1,747	8,390	5,647
Over provision in prior years	-		(511)	-
	6,919	1,747	7,879	5,647
Tax expense/(income)	7,282	2,269	8,242	6,169

** Discontinued operations mainly represent the General Insurance Business of MAA.

For the current financial period under review, the Group's effective tax rate was higher than the statutory tax rate due to certain expenses which are not allowable for tax purposes.

B6. Unquoted Investments and Properties

The profit from sale of unquoted investments and investment properties by the insurance subsidiaries for the current financial quarter and period amounted to RM1.9 million and RM14.7 million respectively.

B7. Quoted Securities

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

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.

On 30 July 2010, the Company announced that SC had via its letter dated 27 July 2010, granted the Company an extension of time of eight (8) months from 20 July 2010 till 19 March 2011 to complete the Proposed Disposal.

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 23 November 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 30.09.2010</u> RM'000	<u>As at 31.12.2009</u> RM'000 (Audited)
<u>Short term</u>		
Term loan	-	10,000
Medium term notes	30,000	30,000
Bank overdrafts	11,636	11,419
	<u>41,636</u>	<u>51,419</u>
<u>Long term</u>		
Medium term notes	140,000	170,000
	<u>140,000</u>	<u>170,000</u>
Total Group Borrowings	<u><u>181,636</u></u>	<u><u>221,419</u></u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at 23 November 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 23 November 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 30 September 2010.

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

NOTES TO THE REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

B13. Earnings Per Ordinary Share

	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>30 September</u>	<u>2009</u>	<u>30 September</u>	<u>2009</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	3,082	(8,892)	(10,353)	13,139
- Discontinued operations**	16,577	8,142	30,036	23,697
	<u>19,659</u>	<u>(750)</u>	<u>19,683</u>	<u>36,836</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	1.01	(2.92)	(3.40)	4.32
- Discontinued operations**	5.45	2.68	9.87	7.79
	<u>6.46</u>	<u>(0.24)</u>	<u>6.47</u>	<u>12.11</u>

** *Discontinued operations mainly represent the General Insurance Business of MAA.*

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

KUALA LUMPUR
DATE: 29 November 2010

File: MAAH – 3QtrNotes-300910