

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

These unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and MFRS 134 “Interim Financial Reporting” issued by Malaysian Accounting Standard Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2011.

The accounting policies adopted by the Group in these interim financial statements are consistent with those adopted in the audited annual financial statements for the financial year ended 31 December 2011.

The Group has adopted MFRS framework and MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards” for the first time in these interim financial statements. The transition to the MFRS framework does not have any material impact to the financial statements of the Group.

The following MFRs and IC Interpretations have been issued by the MASB but are not yet effective and have not been applied by the Group:

Effective for annual periods commencing on or after 1 July 2012

Amendment to MFRS 101	Presentation of items of Other Comprehensive Income
-----------------------	---

Effective for annual periods commencing on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 13	Fair Value Measurement
Revised MFRS 128	Investments in Associates and Joint Ventures
Amendment to MFRS 119	Employee Benefits
Amendment to MFRS 7	Financial Instruments: Disclosures

Effective for annual periods commencing on or after 1 January 2014

Amendment to MFRS 132	Financial Instruments: Presentation
-----------------------	-------------------------------------

Effective for annual periods commencing on or after 1 January 2015

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
--------	--

A2. SEASONAL OR CYCLICAL FACTORS

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

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A3. UNUSUAL ITEMS

There were no usual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A4. MATERIAL CHANGE IN ESTIMATES

There was no material changes in estimates of amounts reported in the current financial quarter's interim financial statements.

A5. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A7. DIVIDEND PAYMENT

There was no dividend paid during the current financial quarter under review.

A8. SEGMENTAL 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 Executive Committee of the Company (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.

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.

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A8. SEGMENTAL INFORMATION

	Insurance						Takaful			Unit trust fund management	All other segments		Total	Inter-segment elimination	Group total
	Life insurance		General insurance		Shareholders' fund		General takaful fund	Family takaful fund	Shareholders' fund		Continuing	Discontinued			
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued									
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>3 months period ended</u>															
<u>31 March 2012</u>															
External revenue	58	2,472	23,227	-	289	-	29,028	39,608	831	8,925	7,620	-	112,058	-	112,058
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	<u>58</u>	<u>2,472</u>	<u>23,227</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>29,028</u>	<u>39,608</u>	<u>831</u>	<u>8,925</u>	<u>7,620</u>	<u>-</u>	<u>112,058</u>	<u>-</u>	<u>112,058</u>
Profit/(loss) by segments	9	(640)	15,282	-	286	-	792	15,546	228	1,117	(6,531)	-	26,089	545	26,634
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(9)	640	-	-	-	-	(792)	(15,546)	-	-	-	-	(15,707)	-	(15,707)
	<u>-</u>	<u>-</u>	<u>15,282</u>	<u>-</u>	<u>286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228</u>	<u>1,117</u>	<u>(6,531)</u>	<u>-</u>	<u>10,382</u>	<u>545</u>	<u>10,927</u>
Share of profit of associated companies not included in reportable segments													1,658	-	1,658
Profit before taxation (*)													<u>12,040</u>	<u>545</u>	<u>12,585</u>

(*) consist of profit before taxation from:

	RM'000
- continuing	12,585
- discontinued	-
	<u>12,585</u>

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A8. SEGMENTAL INFORMATION (continued)

	<u>Insurance</u>						<u>Takaful</u>			<u>Unit trust fund management</u>	<u>All other segments</u>		<u>Total</u>	<u>Inter-segment elimination</u>	<u>Group total</u>
	<u>Life insurance</u>		<u>General insurance</u>		<u>Shareholders' fund</u>		<u>General takaful fund</u>	<u>Family takaful fund</u>	<u>Shareholders' fund</u>		<u>Conti- nuing</u>	<u>Disconti- nued</u>			
	<u>Conti- nuing</u>	<u>Disconti- nued</u>	<u>Conti- nuing</u>	<u>Disconti- nued</u>	<u>Conti- nuing</u>	<u>Disconti- nued</u>									
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended</u>															
<u>31 March 2011</u>															
External revenue	873	278,585	22,810	101,651	53	2,036	23,557	40,945	1,213	11,233	5,519	110	488,585	-	488,585
Inter-segment revenue	-	888	-	43	-	-	-	-	-	-	1,670	3,228	5,829	(5,829)	-
Total operating revenue	<u>873</u>	<u>279,473</u>	<u>22,810</u>	<u>101,694</u>	<u>53</u>	<u>2,036</u>	<u>23,557</u>	<u>40,945</u>	<u>1,213</u>	<u>11,233</u>	<u>7,189</u>	<u>3,338</u>	<u>494,414</u>	<u>(5,829)</u>	<u>488,585</u>
Profit/(loss) by segments	1,246	62,623	3,577	24,030	393	1,127	(856)	17,846	1,293	1,646	(9,190)	567	104,302	2,330	106,632
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(1,246)	(62,623)	-	-	-	-	856	(17,846)	-	-	-	-	(80,859)	(895)	(81,754)
	<u>-</u>	<u>-</u>	<u>3,577</u>	<u>24,030</u>	<u>393</u>	<u>1,127</u>	<u>-</u>	<u>-</u>	<u>1,293</u>	<u>1,646</u>	<u>(9,190)</u>	<u>567</u>	<u>23,443</u>	<u>1,435</u>	<u>24,878</u>
Share of loss of associated companies not included in reportable segments													(97)	-	(97)
Profit before taxation (*)													<u>23,346</u>	<u>1,435</u>	<u>24,781</u>

(*) consist of profit before taxation from:

	RM'000
- continuing	1,316
- discontinued	<u>23,465</u>
	<u>24,781</u>

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A9. CARRYING AMOUNT OF REVALUED ASSETS

Investment properties of the Group have been carried at revalued amount at the financial year ended 31 December 2011. These revalued amounts have been carried forward to the current financial quarter.

A10. MATERIAL SUBSEQUENT EVENTS

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

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the current financial quarter under review.

A12. CONTINGENCIES

- (a) In the normal course of business, the insurance and takaful 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>31.03.2012</u>	<u>As at</u> <u>31.12.2011</u>
	RM'000	RM'000
Performance bonds and guarantees	<u>20,207</u>	<u>19,077</u>

- (b) During the financial year ended 31 December 2005 ("FY 2005"), Meridian Asset Management Sdn Bhd ("MAM"), a subsidiary company of MAA Corporation Sdn Bhd, had commenced legal proceedings against a custodian of its fund to recover, inter alia, the loss of investment moneys of its clients, Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysian Berhad) and Kumpulan Wang Amanah Pencen ("KWAP") of RM19.6 million and RM7.3 million respectively placed with the custodian ("Custodian") ("MAM Suit").

MAA had during the financial year ended 31 December 2006 commenced legal proceedings against the Custodian for negligence to recover, inter alia, its loss of investment moneys amounting to RM19.6 million ("MAA Suit"). MAM was subsequently brought in as a Third Party to the legal proceedings by the Custodian in MAA Suit.

On 16 September 2008, the High Court exercised its power pursuant to Order 4 Rule 1 of the Rules of the High Court 1980 and ordered MAM Suit to be heard with MAA Suit. The cases are fixed for pre trial case management on 31 May 2012.

In November 2007, KWAP had commenced legal proceedings against MAM to recover, inter alia, its loss of investment moneys amounting to RM7,254,050.42 together with interest. On 8 May 2012, the High Court of Kuala Lumpur had allowed all claims made by KWAP against MAM in the sum of RM7,254,050.42 with cost of RM75,000.00 together with interest at 13.65% per annum commencing from 18 April 2005 to 8 May 2012 and 4% interest per annum from 9 May 2012 to date of settlement. MAM will be filing the notice of appeal in the Court of Appeal.

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A12. CONTINGENCIES (continued)

- (b) The solicitors are of the opinion that MAM has a good case against the Custodian and that the Custodian does not have a favorable case against MAM in MAA Suit.

A13. CAPITAL COMMITMENTS

The Group's capital commitments not provided for in the interim financial report as at 31 March 2012 is as follows:

	RM'000
Property, plant and equipments :	
- Approved and contracted for	2,517
- Approved and not contracted for	1,424

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A14. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY INSURANCE FUNDS AS AT 31 MARCH 2012

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	13,019	438	-	-	-	13,457
Investment properties	11,175	-	-	-	-	11,175
Intangible assets	8,143	-	-	-	-	8,143
Investments	126,146	893	14,721	52,377	237,706	431,843
Financial assets at fair value through profit of loss	25,418	21	14,721	-	141,394	181,554
Available-for-sale financial assets	90,742	872	-	52,377	52,759	196,750
Loans and receivables	9,986	-	-	-	43,553	53,539
Associated companies	52,180	-	-	-	-	52,180
Reinsurance assets	-	37,539	-	112,430	3,065	153,034
Insurance receivables	-	22,113	-	40,831	18,107	81,051
Trade and other receivables	219,915	1,565	738	997	3,410	226,625
Tax recoverable	2,876	-	-	-	-	2,876
Deferred tax assets	39	404	-	-	-	443
Cash and cash equivalents	73,083	13,044	1,582	13,870	31,282	132,861
Assets classified as held for sale	1,589	-	50,231	-	-	51,820
Total assets	508,165	75,996	67,272	220,505	293,570	1,165,508
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance contract liabilities	-	74,351	-	151,413	257,745	483,509
Investment contract liabilities	-	-	14,788	-	-	14,788
Borrowings						
- Bank overdraft (unsecured)	4,369	-	-	-	-	4,369
Insurance payables	-	9,146	-	52,094	17,034	78,274
Trade and other payables	44,863	1,402	5,681	10,172	3,465	65,583
Current tax liabilities	1,470	-	-	1,083	1,654	4,207
Deferred tax liabilities	3,438	-	-	614	1,174	5,226
Liabilities classified as held for sale	-	-	49,974	-	-	49,974
Total liabilities	54,140	84,899	70,443	215,376	281,072	705,930
Equity, policyholders' funds and liabilities						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	120,861	-	-	-	-	120,861
Reserves	(1,497)	-	-	-	-	(1,497)
Total equity attributable to the owners of the Company	423,718	-	-	-	-	423,718
Non-controlling interest	35,860	-	-	-	-	35,860
Total equity	459,578	-	-	-	-	459,578
Total equity, policyholders' funds and liabilities	513,718	84,899	70,443	215,376	281,072	1,165,508
Inter-fund balances	(5,553)	(8,903)	(3,171)	5,129	12,498	-

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A14. AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY INSURANCE FUNDS AS AT 31 DECEMBER 2011

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	9,184	492	697	-	-	10,373
Investment properties	11,175	-	-	-	-	11,175
Intangible assets	8,461	-	-	-	-	8,461
Investments	115,278	4,330	36,226	55,418	215,743	426,995
Financial assets at fair value through profit of loss	21,599	-	26,921	-	122,813	171,333
Available-for-sale financial assets	82,441	3,724	8,490	55,418	51,018	201,091
Loans and receivables	11,238	606	815	-	41,912	54,571
Associated companies	50,522	-	-	-	-	50,522
Reinsurance assets	-	30,187	-	107,692	10,049	147,928
Insurance receivables	-	20,608	766	43,996	18,760	84,130
Trade and other receivables	211,999	1,209	3,542	423	1,493	218,666
Tax recoverable	2,822	583	-	-	-	3,405
Deferred tax assets	63	419	195	-	-	677
Cash and cash equivalents	101,500	15,653	9,930	6,909	43,260	177,252
Assets classified as held for sale	1,589	-	-	-	-	1,589
Total assets	512,593	73,481	51,356	214,438	289,305	1,141,173
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance contract liabilities	-	69,266	31,212	148,465	246,979	495,922
Investment contract liabilities	-	-	17,756	-	-	17,756
Borrowings						
- Bank overdraft (unsecured)	9,232	-	-	-	-	9,232
Insurance payables	-	7,858	149	51,935	19,521	79,463
Trade and other payables	49,786	16,517	5,381	7,748	2,489	81,921
Current tax liabilities	1,344	92	35	698	1,249	3,418
Deferred tax liabilities	3,574	-	-	568	1,013	5,155
Total liabilities	63,936	93,733	54,533	209,414	271,251	692,867
Equity						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	109,041	-	-	-	-	109,041
Reserves	(616)	-	-	-	-	(616)
Total equity attributable to the owners of the Company	412,779	-	-	-	-	412,779
Non-controlling interest	35,527	-	-	-	-	35,527
Total equity	448,306	-	-	-	-	448,306
Total equity, policyholders' funds and liabilities	512,242	93,733	54,533	209,414	271,251	1,141,173
Inter-fund balances	351	(20,252)	(3,177)	5,024	18,054	-

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

A15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(I) DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	31 March 2012 RM'000	31 December 2011 (Audited) RM'000
Assets classified as held for sale comprise:		
Property, plant and equipment	597	-
Investments	16,586	-
Financial assets at fair value through profit or loss	10,987	-
Available-for-sale financial assets	4,860	-
Loans and receivables	739	-
Insurance receivables	347	-
Other receivables	3,228	-
Deferred tax assets	188	-
Cash and cash equivalents	29,285	-
	<u>50,231</u>	<u>-</u>
Liabilities classified as held for sale comprise:		
Insurance contract liabilities	21,352	-
Insurance payables	813	-
Insurance payables	159	-
Trade and other payables	27,623	-
Current tax liabilities	27	-
	<u>49,974</u>	<u>-</u>

(II) OTHER ASSET HELD FOR SALE

	31 March 2012 RM'000	31 December 2011 (Audited) RM'000
Property, plant and equipment	<u>1,589</u>	<u>1,589</u>

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

**A16. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

Continuing Operations

	Shareholders ' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	17,665	23,227	58	29,028	39,608	-	109,586
Gross earned premiums/contributions	-	23,047	-	28,359	37,850	-	89,256
Premiums/contributions ceded to reinsurers	-	(13,965)	-	(22,237)	(2,898)	-	(39,100)
Net earned premiums/contributions	-	9,082	-	6,122	34,952	-	50,156
Investment income	2,119	180	58	669	1,758	-	4,784
Realised gains and losses	1,838	-	8	405	1,801	-	4,052
Fair value gains and losses	822	-	(1,807)	-	2,533	-	1,548
Fee and commission income	-	2,416	-	6,418	-	-	8,834
Other operating revenue from non-insurance businesses	15,546	-	-	-	-	-	15,546
Wakalah fee from takaful business	23,659	-	-	-	-	(23,659)	-
Other revenue	43,984	2,596	(1,741)	7,492	6,092	(23,659)	34,764
Gross benefits and claims paid	-	(10,098)	-	(12,957)	(12,723)	-	(35,778)
Claims ceded to reinsurers	-	3,726	-	7,818	3,316	-	14,860
Gross change to contract liabilities	-	(6,667)	1,856	1,639	-	-	(3,172)
Change in contract liabilities ceded to reinsurers	-	7,988	-	130	-	-	8,118
Net insurance/takaful benefits and claims	-	(5,051)	1,856	(3,370)	(9,407)	-	(15,972)
Fee and commission expense	(18,640)	(4,453)	(6)	-	-	-	(23,099)
Management expenses	(31,690)	(1,866)	(187)	(110)	-	-	(33,853)
Other operating income/(expenses) - net	2,112	14,974	87	-	(770)	-	16,403
Wakalah fee payable to Shareholders' fund	-	-	-	(8,958)	(14,701)	23,659	-
Finance cost	(121)	-	-	-	-	-	(121)
Other expenses	(48,339)	8,655	(106)	(9,068)	(15,471)	23,659	(40,670)
Share of profit of associate companies, net of tax	1,658	-	-	-	-	-	1,658
Profit/(loss) before taxation	(2,697)	15,282	9	1,176	16,166	-	29,936
Taxation of life insurance, general takaful and family takaful businesses	-	-	-	(384)	(620)	-	(1,004)
	(2,697)	15,282	9	792	15,546	-	28,932
Surplus retained in life insurance, general takaful and family takaful businesses	-	-	(9)	(792)	(15,546)	-	(16,347)
Profit/(loss) before taxation	(2,697)	15,282	-	-	-	-	12,585
Taxation	(432)	-	-	-	-	-	(432)
Profit/(loss) for the financial period	(3,129)	15,282	-	-	-	-	12,153

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

**A16. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

Continuing Operations

	Shareholders ' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	18,018	22,810	873	23,557	40,945	-	106,203
Gross earned premiums/contributions	-	22,731	-	23,080	39,765	-	85,576
Premiums/contributions ceded to reinsurers	-	(12,238)	-	(15,179)	(2,298)	-	(29,715)
Net earned premiums/contributions	-	10,493	-	7,901	37,467	-	55,861
Investment income	1,638	79	873	477	1,180	-	4,247
Realised gains and losses	53	0	576	-	4,009	-	4,638
Fair value gains and losses	261	(11)	2,062	-	(2,414)	-	(102)
Fee and commission income	-	2,099	-	5,460	359	-	7,918
Other operating revenue from non-insurance businesses	16,380	-	-	-	-	-	16,380
Wakalah fee from takaful business	20,622	-	-	-	-	(20,622)	-
Other revenue	38,954	2,167	3,511	5,937	3,134	(20,622)	33,081
Gross benefits and claims paid	-	(14,419)	(2,000)	(10,353)	(9,642)	-	(36,414)
Claims ceded to reinsurers	-	13,204	2,000	5,312	1,806	-	22,322
Gross change to contract liabilities	-	(4,505)	(1,899)	(12,853)	-	-	(19,257)
Change in contract liabilities ceded to reinsurers	-	3,155	-	11,113	-	-	14,268
Net insurance/takaful benefits and claims	-	(2,565)	(1,899)	(6,781)	(7,836)	-	(19,081)
Fee and commission expense	(14,394)	(4,487)	(16)	-	-	-	(18,897)
Management expenses	(20,343)	(1,973)	(381)	(382)	-	-	(23,079)
Other operating income/(expenses) - net	(3,403)	42	168	-	(1,642)	-	(4,835)
Wakalah fee payable to Shareholders' fund	-	-	-	(7,531)	(13,091)	20,622	-
Finance cost	(3,078)	-	-	-	-	-	(3,078)
Other expenses	(41,218)	(6,418)	(229)	(7,913)	(14,733)	20,622	(49,889)
Share of loss of associate companies, net of tax	(97)	-	-	-	-	-	(97)
Profit/(loss) before taxation	(2,361)	3,677	1,383	(856)	18,032	-	19,875
Taxation of life insurance, general takaful and family takaful businesses	-	-	-	-	(186)	-	(186)
	(2,361)	3,677	1,383	(856)	17,846	-	19,689
Surplus retained in life insurance, general takaful and family takaful businesses	-	-	(1,383)	856	(17,846)	-	(18,373)
Profit/(loss) before taxation	(2,361)	3,677	-	-	-	-	1,316
Taxation Zakat	(448)	87	-	-	-	-	(361)
	-	-	-	-	-	-	-
Profit/(loss) for the financial period	(2,809)	3,764	-	-	-	-	955

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

**A16. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

Discontinued Operations

	Life fund	Total
	RM'000	RM'000
Operating revenue	2,472	2,472
Gross earned premiums	1,404	1,404
Premiums ceded to reinsurers	(98)	(98)
Net earned premiums	1,306	1,306
Investment income	1,068	1,068
Realised gains and losses	-	-
Fair value gains and losses	-	-
Fee and commission income	16	16
Other revenue	1,084	1,084
Gross benefits and claims paid	(1,697)	(1,697)
Claims ceded to reinsurers	-	-
Gross change to contract liabilities	299	299
Change in contract liabilities ceded to reinsurers	-	-
Net insurance benefits and claims	(1,398)	(1,398)
Fee and commission expense	(192)	(192)
Management expenses	(1,155)	(1,155)
Other operating expenses - net	(285)	(285)
Other expenses	(1,632)	(1,632)
Deficit before taxation	(640)	(640)
Taxation of life insurance business	-	-
Deficit after taxation	(640)	(640)
Deficit retained in life insurance business	640	640
Profit before taxation	-	-
Taxation	-	-
Profit for the financial period	-	-

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

**A16. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

Discontinued Operations

	Shareholders ' fund	General fund	Life fund	Total
	RM'000	RM'000	RM'000	RM'000
Operating revenue	2,146	101,651	278,585	382,382
Gross earned premiums	-	94,834	213,620	308,454
Premiums ceded to reinsurers	-	7,504	(1,093)	6,411
Net earned premiums	-	102,338	212,527	314,865
Investment income	2,049	6,817	64,965	73,831
Realised gains and losses	5	4,087	1,455	5,547
Fair value gains and losses	-	2,146	29,427	31,573
Fee and commission income	-	5,211	3,205	8,416
Other operating revenue from non-insurance businesses	97	-	-	97
Other revenue	2,151	18,261	99,052	119,464
Gross benefits and claims paid	-	(63,429)	(262,747)	(326,176)
Claims ceded to reinsurers	-	13,071	4,565	17,636
Gross change to contract liabilities	-	(16,860)	63,989	47,129
Change in contract liabilities ceded to reinsurers	-	10,284	2,436	12,720
Net insurance benefits and claims	-	(56,934)	(191,757)	(248,691)
Fee and commission expense	-	(19,218)	(21,140)	(40,358)
Management expenses	(3,182)	(20,138)	(22,556)	(45,876)
Other operating income/(expenses) - net	(360)	549	173	362
Finance cost	(2)	-	-	(2)
Other expenses	(3,544)	(38,807)	(43,523)	(85,874)
Profit/(loss) /surplus before taxation	(1,393)	24,858	76,299	99,764
Taxation of life insurance business	-	-	(12,918)	(12,918)
Profit/(loss) before taxation/surplus after taxation	(1,393)	24,858	63,381	86,846
Surplus retained in life insurance business	-	-	(63,381)	(63,381)
Profit/(loss) before taxation	(1,393)	24,858	-	23,465
Taxation	(560)	(7,346)	-	(7,906)
Profit/(loss) for the financial period	(1,953)	17,512	-	15,559

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

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

B1. REVIEW OF GROUP PERFORMANCE

As disclosed in note B6(a) of this report, the Group had completed the disposal of its subsidiary, Malaysian Assurance Alliance Berhad ("MAA") and other identified subsidiaries to Zurich Insurance Company Limited ("Zurich") on 30 September 2011. MAA and these identified subsidiaries had been classified under discontinued operations in the preceding financial year's financial statements following the applicable approved accounting standards. Arising from the said disposal, no financial results of MAA and other identified subsidiaries are included in the Group's results subsequent to 30 September 2011.

In these interim financial statements under review, the discontinued operations for the preceding financial period represent MAA and other identified subsidiaries, whereas the discontinued operations for the current financial period represent an overseas life insurance subsidiary company, following announcement by the Company as disclosed in note B6(c) of this report.

Operating revenue

For the three (3) months period ended 31 March 2012, the Group's total operating revenue decreased by 77.1% to RM112.1 million (2011: RM488.6 million), of which the continuing operations recorded an increase of 3.2% to RM109.6 million (2011: RM106.2 million) and the discontinued operations recorded a decrease of 99.4% to RM2.5 million (2011: RM382.4 million).

Under the conventional insurance business, the General Insurance Division recorded a 80.4% decrease in total gross earned premium to RM23.0 million (2011: RM117.5 million), wholly from the continuing operations (2011: continuing operation: RM22.7 million, discontinued operations: RM94.8 million). The Life Insurance Division recorded a 99.3% decrease in total gross earned premium to RM1.4 million (2011: RM213.6 million), wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 22.9% increase in total gross earned contribution to RM28.4 million (2011: RM23.1 million), whilst the Family Takaful Division registered a 4.8% decrease in total gross earned contribution to RM37.9 million (2010: RM39.8 million).

The unit trust fund management recorded a 20.5% decrease in operating revenue to RM8.9 million (2011: RM11.2 million) mainly due to the decrease in initial service fee to RM2.5 million (2011: RM5.3 million).

Profit before taxation

The Group recorded a lower profit before taxation of RM12.6 million for the current financial period under review (2011: RM24.8 million).

Under the conventional insurance business, the General Insurance Division recorded a lower profit before taxation of RM15.3 million (2011: RM28.6 million), wholly from the continuing operations (2011: continuing operations: RM3.7 million, discontinued operations: RM24.9 million). The profit in the current financial period under review was due mainly to increase in other operating income from a waiver of debts of RM14.9 million recorded by the Labuan offshore insurance subsidiary company under a general reinsurance treaties commuted in 2010.

The Life Insurance Division registered a loss before taxation of RM0.6 million (2011: profit before taxation of RM64.8 million), wholly from the discontinued operations (2011: continuing operations: profit before taxation of RM1.4 million, discontinued operations: profit before taxation of RM63.4 million).

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B1. REVIEW OF GROUP PERFORMANCE (continued)

The Shareholders' Fund recorded a lower loss before taxation of RM2.7 million (2011: loss before taxation of RM3.8 million), wholly from the continuing operations (2011: continuing operations: RM2.4 million, discontinued operations: RM1.4 million).

Under the takaful business, the General Takaful Fund recorded a profit before taxation of RM1.2 million in the current financial period under review (2011: loss before taxation of RM0.9 million). The profit was contributed by 22.9% increase in gross earned contribution of RM28.4 million (2010: RM23.1 million) and also improvement in net claim ratio to 55.0% (2011: 85.8%). The Family Takaful Fund recorded a lower profit before taxation of RM16.2 million (2011: RM18.0 million). The lower profit was mainly due to 4.8% decrease in gross earned contribution of RM37.9 million (2011: RM39.8 million) coupled with the increase in net takaful benefits and claims of RM9.4 million (2011: RM7.8 million).

During the current financial period under review, the unit trust fund management recorded a lower profit before taxation of RM1.1 million (2011: RM1.6 million), mainly due to decrease in operating revenue coupled with increase in management expenses.

However, consistent with the prior years' practice, no profit/loss was transferred from/to the Life Insurance/Family Takaful Funds to the Shareholders' Fund as such the transfer is only done at the financial year end.

B2. COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

During the current financial quarter under review, the Group registered a lower profit before taxation of RM12.6 million (preceding quarter 2011: profit before taxation of RM70.6 million). The higher profit in the preceding quarter was due mainly to a gain of RM85.6 million recorded from the sale of the MAA and other identified subsidiaries to Zurich on 30 September 2010 and a surplus of RM6.4 million transferred from the Family Takaful Fund to the Shareholders' Fund.

B3. PROSPECTS

Subsequent to the sale of MAA, the Group will continue its efforts to focus on the development of its remaining core businesses, in particular its takaful and unit trust fund management via MAA Takaful Berhad and MAAKL Mutual Bhd respectively and to accelerate the future growth of these businesses.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company as announced earlier. On this end, the Company will work towards formulating a self regularization plan to regularize its financial condition which will not result in a significant change the business direction or policies of the Group.

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

B4. PROFIT FORECAST OR PROFIT GUARANTEE

This note is not applicable.

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B5. TAXATION

	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	RM'000	RM'000	RM'000	RM'000
<u>CONTINUING OPERATIONS</u>				
<u>Current tax</u>				
Current financial quarter/period	382	424	382	424
Over accrual in prior financial quarter/period	-	(87)	-	(87)
	382	337	382	337
<u>Deferred tax</u>				
Current financial quarter/period	50	24	50	24
Tax expense	432	361	432	361
<u>DISCONTINUED OPERATIONS</u>				
<u>Current tax</u>				
Current financial quarter/period	-	8,246	-	8,246
<u>Deferred tax</u>				
Current financial quarter/period	-	(379)	-	(379)
Under accrual in prior financial quarter/period	-	39	-	39
	-	(340)	-	(340)
Tax expense	-	7,906	-	7,906

For the current financial quarter under review, the Group's effective tax rate was lower than the statutory tax rate of 25% due mainly to certain income which are not subject to tax.

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B6. STATUS OF CORPORATE PROPOSALS

- (a) On 11 April 2011, the Company announced that it had submitted an application to Bank Negara Malaysia (“BNM”) to seek approval of the Minister of Finance (“MOF”) pursuant to Section 67 of the Insurance Act, 1996 to enter into an agreement with Zurich Insurance Company Ltd (“Zurich”) for the proposed disposal of the Company’s entire 100% equity interest in Malaysian Assurance Alliance Berhad (“MAA”) and other identified subsidiary companies, namely Multioto Services Sdn Bhd, Maagnet Systems Sdn Bhd, Malaysian Alliance Property Services Sdn Bhd and Maagnet-SSMS Sdn Bhd (hereinafter collectively known as the “Disposed Subsidiaries”) for a total cash consideration of RM344.0 million (“Proposed Disposal”).

MOF through BNM vide its letter dated 8 June 2011 had approved the Proposed Disposal.

On 22 September 2011, the Company announced that the Shareholders at the Extraordinary General Meeting which was held on the same day had approved the Proposed Disposal. The Shareholders had also approved the proposed change of name of MAA Holdings Berhad to MAA Group Berhad.

On 30 September 2011, the Company announced that the Proposed Disposal had been completed.

Under the terms of the Conditional Sale and Purchase Agreement (“SPA”) with Zurich in relation to the Proposed Disposal, there is an adjustment to the sale consideration of RM344.0 million equal to the difference between the aggregate net asset value of Disposed Subsidiaries as at 30 September 2010 and the final aggregate net asset value as at 30 September 2011 (“Adjustment to Consideration”). The Adjustment to Consideration shall be finalised within one hundred and twenty (120) days from the completion of the sale of the Disposed Subsidiaries, unless dispute arises which shall be resolved in accordance to the relevant terms and conditions stipulated in the SPA. The Adjustment to Consideration conditions had been stated accordingly in the Circular to Shareholders dated 29 August 2011.

On 30 December 2011, based on the draft completion accounts and statement of aggregate net assets value of the Disposed Subsidiaries prepared by and received from Zurich, there is an upward adjustment of RM86.0 million to the sale consideration of RM344.0 million. The upward adjustment of RM86.0 million equals to the difference between the aggregate net asset value of Disposed Subsidiaries as at 30 September 2010 and the final aggregate net asset value as at 30 September 2011 prepared by Zurich as provided under the terms of the SPA.

On 17 February 2012 and 12 April 2012, the Company submitted notifications of disputes (“Dispute Notifications”) to Zurich to disagree certain downward adjustments made to the draft completion accounts and statement of aggregate net assets value of the Disposed Subsidiaries. Should there be positive adjustments to the draft completion accounts and statement of aggregate net assets of the Disposed Subsidiaries arising from the Dispute Notifications, there will be a further upward adjustment to the sale consideration in addition to the above mentioned RM86.0 million.

- (b) On 30 September 2011, the Company announced that it became an affected listed issuer pursuant to Practice Note 17 (“PN17”) of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of MAA.

Nonetheless, the Company did not triggered any of the other prescribed criteria under PN17 of the Listing Requirements, 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 adverse or disclaimer opinion on the Company’s latest audited accounts etc.

As an affected listed issuer, the Company is required pursuant to paragraph 4.1 of the PN 17 of the Listing Requirements to announce details of the regularisation plan.

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B6. STATUS OF CORPORATE PROPOSALS (continued)

On 31 October 2011, 30 November 2011, 30 December 2011, 2 February 2012, 10 February 2012, 1 March 2012, 2 April 2012 and 2 May 2012, the Company announced that it is still in the midst of evaluating various options to undertake and formulate a Self-Regularisation Plan to regularise its financial condition ("Regularisation Plan") and further clarify that the said Regularisation Plan will not result in a significant change in the business direction or policies of the Group. The Company has approximately five (5) months to submit the said Regularisation Plan to the Bursa Securities for approval.

- (c) On 27 February 2012, the Company announced that it and MAA International Assurance Ltd ("MAAIA"), a wholly owned subsidiary company of MAA Corporation Sdn Bhd ("MAA Corp") which in turn is a wholly owned subsidiary company of the Company, had entered into a conditional sale and purchase agreement ("SPA") with Tokio Marine Holdings, Inc ("TM"), for the disposal of 43.3% of the enlarged share capital in PT MAA Life Assurance ("PT MAAL") for a sale consideration of IDR27.4 billion (approximately RM9.1 million) arrived at on a "willing buyer-willing seller" basis, and after taking into account the unaudited net assets of PT MAAL of IDR 5.1 billion (approximately RM1.7 million) as at 31 December 2011 ("Proposed Disposal of PT MAAL").

On even date, PT MAAL had also entered into a conditional share subscription agreement ("SSA") with TM for the subscription of 65.0 million ordinary shares in PT MAAL, representing approximately 36.7% of the enlarged share capital in PT MAAL for IDR65.0 billion (approximately RM21.7 million) in total or IDR1,000 per share ("Proposed Subscription").

On 27 March 2012, the Company, MAAIA and TM, entered into a Supplemental Share Purchase Agreement ("Supplemental SPA") and a Supplemental Subscription Agreement ("Supplemental SSA") whereby all parties had mutually agreed inter-alia to revise the cut-off date to 5 April 2012 or such other date as may be mutually agreed by the parties to complete certain condition precedents for the Proposed Disposal of PT MAAL and the Proposed Subscription.

On 9 April 2012, the Company announced that MAAIA/PT MAAL had received an approval letter dated 5 April 2012 from the Ministry of Finance of Indonesia for the Proposed Disposal of PT MAAL.

- (d) On 4 May 2012, the Company announced that MAA Corp had entered into a conditional sale and purchase agreement ("SPA") for the disposal of 100% equity interest in Wira Security Services Sdn Bhd ("Wira") for a total cash consideration of RM7.0 million, arrived at on a 'willing buyer-willing seller' basis, equivalent to approximately Price to Earnings of 7.3 times based on the maintainable profit of Wira. The cash consideration will be utilised for working capital of the Group and expenses incidental to the disposal.

The SPA is conditional upon inter-alia Wira obtaining the approvals from the Ministry of Home Affairs Malaysia for change in the chairman, director and/or shareholders of Wira and such other transactions contemplated under the agreement.

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 19 May 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

MAA GROUP BERHAD (471403-A)
(Formerly known as MAA HOLDINGS BERHAD)
(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B7. GROUP BORROWINGS

The Group's borrowings include:

	<u>As at</u> <u>31.03.2012</u> RM'000	<u>As at</u> <u>31.12.2011</u> RM'000 (Audited)
<u>Short term</u>		
Bank overdraft (unsecured)	4,369	9,232

B8. MATERIAL LITIGATION

There were no material litigations as at 19 May 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B9. DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial period ended 31 March 2012.

B10. EARNINGS PER SHARE

	<u>3 months ended</u> <u>31 March</u>		<u>3 months ended</u> <u>31 March</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Attributable to the Owners of the Company:</u>				
Net profit for the financial quarter /period (RM'000)				
- Continuing operations	11,820	674	11,820	674
- Discontinued operations	-	15,559	-	15,559
	<u>11,820</u>	<u>16,233</u>	<u>11,820</u>	<u>16,233</u>
Weighted average number of ordinary shares in issue ('000)	304,354	304,354	304,354	304,354
Basic earnings per share (sen)				
- Continuing operations	3.88	0.22	3.88	0.22
- Discontinued operations	-	5.11	-	5.11
	<u>3.88</u>	<u>5.33</u>	<u>3.88</u>	<u>5.33</u>

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B11. AUDITOR' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

B12. PROFIT FOR THE PERIOD

	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:				
Interest income	5,203	58,056	5,203	58,056
Gain on disposal of investments	4,052	9,888	4,052	9,888
Net fair value gain on investments	1,278	30,980	1,278	30,980
Reversal of impairment loss on property, plant and equipment	247	-	247	-
Net foreign exchange gain	328	128	328	128
Write back of impairment loss on trade and other receivables	-	223	-	223
Write back of impairment loss on insurance receivables	-	315	-	315
Write back of impairment loss on loans from leasing, hire purchase and other - net	23	493	23	493
and after charging:				
Depreciation of property, plant and equipment	955	3,616	955	3,616
Amortisation of intangible assets	452	437	452	437
Loss on disposal of property, plant and equipment	-	121	-	121
Allowance for impairment loss on :				
- trade and other receivables	8	-	8	-
- insurance receivables	530	-	530	-

MAA GROUP BERHAD (471403-A)
 (Formerly known as MAA HOLDINGS BERHAD)
 (Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

B13. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

Bursa Securities has, on 25 March 2010 and 20 December 2010, issued directives to all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses as at the end of the reporting period and previous financial year, on a group basis, into realised and unrealised profits or losses.

The determination of realised and unrealised profits/losses is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Disclosure of realised and unrealised profits/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

The Group's breakdowns of realised and unrealised retained earnings are disclosed as follows:

	<u>As at</u> <u>31.03.2012</u>	<u>As at</u> <u>31.12.2011</u> <u>(Audited)</u>
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	145,211	107,497
- Unrealised	<u>(1,329)</u>	<u>5,577</u>
	143,882	113,074
Total share of accumulated losses from associated companies		
- Realised	(4,858)	(5,644)
- Unrealised	5,488	4,616
	630	(1,028)
	<u>144,512</u>	<u>112,046</u>
Less: Consolidation adjustments	(23,651)	(3,005)
Total Group retained earnings as per statement of financial position	<u>120,861</u>	<u>109,041</u>

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

KUALA LUMPUR
 DATE: 25 May 2012