

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

**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

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

**A1. BASIS OF PREPARATION**

These unaudited interim consolidated 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 consolidated 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 consolidated 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 consolidated 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 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
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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
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Effective for annual periods commencing on or after 1 January 2015

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
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**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 QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

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**A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

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

**A4. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in the current financial quarter and period's interim consolidated financial statements.

**A5. DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and period under review.

**A6. DIVIDEND PAID**

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

**A7. 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.

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**A7. 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 RM'000	Discontinued RM'000	Continuing RM'000	Discontinued RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000	RM'000		RM'000	RM'000			
<b><u>3 months period ended</u></b>															
<b><u>30 June 2012</u></b>															
External revenue	68	844	14,412	-	302	-	37,946	70,151	904	9,095	3,900	5,039	142,661	-	142,661
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	<u>68</u>	<u>844</u>	<u>14,412</u>	<u>-</u>	<u>302</u>	<u>-</u>	<u>37,946</u>	<u>70,151</u>	<u>904</u>	<u>9,095</u>	<u>3,900</u>	<u>5,039</u>	<u>142,661</u>	<u>-</u>	<u>142,661</u>
Profit/(loss) by segments	(9)	(2,161)	2,103	-	(164)	-	1,429	25,599	2,142	1,178	22,452	800	53,369	540	53,909
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	9	2,161	-	-	-	-	(1,429)	(25,599)	-	-	-	-	(24,858)	-	(24,858)
	<u>-</u>	<u>-</u>	<u>2,103</u>	<u>-</u>	<u>(164)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,142</u>	<u>1,178</u>	<u>22,452</u>	<u>800</u>	<u>28,511</u>	<u>540</u>	<u>29,051</u>
Share of loss of associated companies not included in reportable segments													(2,517)	-	(2,517)
Profit before taxation (*)													<u>25,994</u>	<u>540</u>	<u>26,534</u>

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

	RM'000
- Continuing	(4,358)
- discontinued	30,892
	<u>26,534</u>

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**A7. SEGMENTAL INFORMATION (continued)**

	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	RM'000	
<b>6 months period ended</b>															
<b>30 June 2012</b>															
External revenue	126	3,316	37,639	-	591	-	66,974	109,759	1,735	18,020	5,265	11,294	254,719	-	254,719
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	<u>126</u>	<u>3,316</u>	<u>37,639</u>	<u>-</u>	<u>591</u>	<u>-</u>	<u>66,974</u>	<u>109,759</u>	<u>1,735</u>	<u>18,020</u>	<u>5,265</u>	<u>11,294</u>	<u>254,719</u>	<u>-</u>	<u>254,719</u>
Profit/(loss) by segments	-	(2,801)	17,385	-	122	-	2,221	41,145	2,370	2,295	15,463	1,258	79,458	1,085	80,543
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	-	2,801	-	-	-	-	(2,221)	(41,145)	-	-	-	-	(40,565)	-	(40,565)
	<u>-</u>	<u>-</u>	<u>17,385</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,370</u>	<u>2,295</u>	<u>15,463</u>	<u>1,258</u>	<u>38,893</u>	<u>1,085</u>	<u>39,978</u>
Share of profit of associated companies not included in reportable segments													(859)	-	(859)
Profit before taxation (*)													<u>38,034</u>	<u>1,085</u>	<u>39,119</u>

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

	RM'000
- Continuing	7,769
- discontinued	<u>31,350</u>
	<u>39,119</u>



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**A7. SEGMENTAL INFORMATION (continued)**

	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	RM'000	Continuing	Discontinued	RM'000	RM'000	RM'000
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued	RM'000	RM'000	RM'000		RM'000	RM'000			
<b>6 months period ended 30 June 2011</b>															
External revenue	1,910	629,575	41,572	233,879	99	4,616	57,610	85,948	2,380	22,452	2,675	8,730	1,091,446	-	1,091,446
Inter-segment revenue	-	2,031	-	170	-	-	-	-	-	-	3,340	7,114	12,655	(12,655)	-
Total operating revenue	<u>1,910</u>	<u>631,606</u>	<u>41,572</u>	<u>234,049</u>	<u>99</u>	<u>4,616</u>	<u>57,610</u>	<u>85,948</u>	<u>2,380</u>	<u>22,452</u>	<u>6,015</u>	<u>15,844</u>	<u>1,104,101</u>	<u>(12,655)</u>	<u>1,091,446</u>
Profit/(loss) by segments	2,394	60,211	2,837	46,764	(122)	3,314	4,420	26,147	2,403	3,312	(17,759)	183	134,104	4,294	138,398
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(2,394)	(60,211)	-	-	-	-	(4,420)	(26,147)	-	-	-	-	(93,172)	(1,155)	(94,327)
	<u>-</u>	<u>-</u>	<u>2,837</u>	<u>46,764</u>	<u>(122)</u>	<u>3,314</u>	<u>-</u>	<u>-</u>	<u>2,403</u>	<u>3,312</u>	<u>(17,759)</u>	<u>183</u>	<u>40,932</u>	<u>3,139</u>	<u>44,071</u>
Share of loss of associated companies not included in reportable segments													(114)	-	(114)
Profit before taxation (*)													<u>40,818</u>	<u>3,139</u>	<u>43,957</u>
(*) consist of profit/(loss) before taxation from:															
						RM'000									
- Continuing						(2,737)									
- discontinued						<u>46,694</u>									
						<u>43,957</u>									

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**A8. 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 period.

**A9. MATERIAL SUBSEQUENT EVENTS**

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

**A10. CHANGES IN COMPOSITION OF THE GROUP**

On 28 June 2012, Wira Security Services Sdn Bhd ceased to be a subsidiary of the Group after the completion of the disposal of the company as stated in note B6(d) of this report.

**A11. 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:

<b>RM'000</b>	<b>As at</b>	<b>As at</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
Performance bonds and guarantees	18,962	19,077

- (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 matter is now fixed for trial on 18th to 21st October 2012.

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**A11. CONTINGENCIES** (continued)

(b) 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 ("KWAP Suit"). 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 filed a notice of appeal in the Court of Appeal and has filed its Record of Appeal on 2 August 2012.

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. As for the appeal in KWAP Suit, the solicitors are of the opinion that MAM has a fair chance of succeeding in its appeal. Pending the outcome of the said appeal, MAM has not yet made provision of claims by KWAP.

**A12. CAPITAL COMMITMENTS**

The Group's capital commitments not provided for in these interim consolidated financial statements as at 30 June 2012 is as follows:

<b>RM'000</b>	<b>Approved and contracted for</b>	<b>Approved and not contracted for</b>
Property, plant and equipments	3,980	927



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**A13. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY INSURANCE FUNDS AS AT 30 JUNE 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
<b>Assets</b>						
Property, plant and equipment	15,693	446	-	-	-	16,139
Investment properties	11,175	-	-	-	-	11,175
Intangible assets	8,033	-	-	-	-	8,033
Investments	120,798	904	13,794	58,561	251,369	445,426
Financial assets at fair value through profit of loss	24,046	22	13,794	-	154,382	192,244
Available-for-sale financial assets	88,392	882	-	58,561	52,967	200,802
Loans and receivables	8,360	-	-	-	44,020	52,380
Associated companies	49,663	-	-	-	-	49,663
Reinsurance assets	-	29,627	-	123,023	8,926	161,576
Insurance receivables	-	20,942	-	20,088	22,469	63,499
Trade and other receivables	234,970	1,621	819	1,896	1,124	240,430
Tax recoverable	2,960	-	-	-	-	2,960
Deferred tax assets	52	408	-	-	-	460
Cash and cash equivalents	84,320	10,776	1,438	20,979	56,934	174,447
Assets classified as held for sale	1,589	-	58,002	-	-	59,591
<b>Total assets</b>	<b>529,253</b>	<b>64,724</b>	<b>74,053</b>	<b>224,547</b>	<b>340,822</b>	<b>1,233,399</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
Insurance contract liabilities	-	63,554	-	164,004	292,713	520,271
Investment contract liabilities	-	-	13,642	-	-	13,642
Borrowings						
- Bank overdraft (unsecured)	4,518	-	-	-	-	4,518
Insurance payables	-	6,549	-	46,265	22,398	75,212
Trade and other payables	37,648	1,287	906	9,931	13,260	63,032
Current tax liabilities	1,887	-	-	1,444	1,358	4,689
Deferred tax liabilities	2,945	-	-	625	1,419	4,989
Liabilities classified as held for sale	-	-	57,779	-	-	57,779
<b>Total liabilities</b>	<b>46,998</b>	<b>71,390</b>	<b>72,327</b>	<b>222,269</b>	<b>331,148</b>	<b>744,132</b>
<b>Equity, policyholders' funds and liabilities</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	145,641	-	-	-	-	145,641
Reserves	2,231	-	-	-	-	2,231
<b>Total equity attributable to the owners of the Company</b>	<b>452,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452,226</b>
Non-controlling interest	37,041	-	-	-	-	37,041
<b>Total equity</b>	<b>489,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489,267</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>536,265</b>	<b>71,390</b>	<b>72,327</b>	<b>222,269</b>	<b>331,148</b>	<b>1,233,399</b>
<b>Inter-fund balances</b>	<b>(7,012)</b>	<b>(6,666)</b>	<b>1,726</b>	<b>2,278</b>	<b>9,674</b>	<b>-</b>

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**A13. 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
<b>Assets</b>						
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
<b>Total assets</b>	<b>512,593</b>	<b>73,481</b>	<b>51,356</b>	<b>214,438</b>	<b>289,305</b>	<b>1,141,173</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>63,936</b>	<b>93,733</b>	<b>54,533</b>	<b>209,414</b>	<b>271,251</b>	<b>692,867</b>
<b>Equity</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	109,041	-	-	-	-	109,041
Reserves	(616)	-	-	-	-	(616)
<b>Total equity attributable to the owners of the Company</b>	<b>412,779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,779</b>
Non-controlling interest	35,527	-	-	-	-	35,527
<b>Total equity</b>	<b>448,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448,306</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>512,242</b>	<b>93,733</b>	<b>54,533</b>	<b>209,414</b>	<b>271,251</b>	<b>1,141,173</b>
<b>Inter-fund balances</b>	<b>351</b>	<b>(20,252)</b>	<b>(3,177)</b>	<b>5,024</b>	<b>18,054</b>	<b>-</b>

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**A14. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**

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

	30 June 2012 RM'000	31 December 2011 (Audited) RM'000
<b>Assets classified as held for sale comprise:</b>		
Property, plant and equipment	1,611	-
Investments	15,740	-
Financial assets at fair value through profit or loss	8,736	-
Available-for-sale financial assets	6,260	-
Loans and receivables	744	-
Insurance receivables	202	-
Trade and other receivables	3,090	-
Deferred tax assets	190	-
Cash and cash equivalents	37,169	-
	<u>58,002</u>	<u>-</u>
<b>Liabilities classified as held for sale comprise:</b>		
Insurance contract liabilities	18,079	-
Investment contract liabilities	836	-
Insurance payables	51	-
Trade and other payables	38,740	-
Current tax liabilities	73	-
	<u>57,779</u>	<u>-</u>

**(II) OTHER ASSET HELD FOR SALE**

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

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**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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
<b>Operating revenue</b>	25,611	37,639	126	66,974	109,759	-	240,109
Gross earned premiums/contributions	-	37,411	-	65,596	105,658	-	208,665
Premiums/contributions ceded to reinsurers	-	(18,916)	-	(51,886)	(8,329)	-	(79,131)
<b>Net earned premiums/contributions</b>	-	18,495	-	13,710	97,329	-	129,534
Investment income	4,305	228	126	1,378	4,101	-	10,138
Realised gains and losses	4,332	-	6	405	1,444	-	6,187
Fair value gains and losses	1,757	-	(3,152)	-	5,396	-	4,001
Fee and commission income	-	3,299	-	14,848	-	-	18,147
Other operating revenue from non-insurance businesses	21,306	-	-	-	-	-	21,306
Wakalah fee from takaful business	54,503	-	-	-	-	(54,503)	-
<b>Other revenue</b>	86,203	3,527	(3,020)	16,631	10,941	(54,503)	59,779
Gross benefits and claims paid	-	(21,291)	-	(24,764)	(39,279)	-	(85,334)
Claims ceded to reinsurers	-	11,361	-	16,249	9,349	-	36,959
Gross change to contract liabilities	-	1,698	3,359	(6,439)	-	-	(1,382)
Change in contract liabilities ceded to reinsurers	-	255	-	8,542	-	-	8,797
<b>Net insurance/takaful benefits and claims</b>	-	(7,977)	3,359	(6,412)	(29,930)	-	(40,960)
Fee and commission expense	(41,216)	(7,304)	(6)	-	-	-	(48,526)
Management expenses	(50,745)	(4,399)	(472)	(20)	-	-	(55,636)
Other operating income/(expenses) - net	(2,789)	15,043	139	-	(3,303)	-	9,090
Wakalah fee payable to Shareholders' fund	-	-	-	(20,943)	(33,560)	54,503	-
Finance cost	(210)	-	-	-	-	-	(210)
<b>Other expenses</b>	(94,960)	3,340	(339)	(20,963)	(36,863)	54,503	(95,282)
Share of loss of associate companies, net of tax	(859)	-	-	-	-	-	(859)
	(9,616)	17,385	-	2,966	41,477	-	52,212
Taxation of life insurance, general takaful and family takaful businesses	-	-	-	(745)	(332)	-	(1,077)
<b>Surplus after taxation/Profit/(loss) before taxation</b>	(9,616)	17,385	-	2,221	41,145	-	51,135
Surplus retained in life insurance, general takaful and family takaful businesses	-	-	-	(2,221)	(41,145)	-	(43,366)
<b>Profit/(loss) before taxation</b>	(9,616)	17,385	-	-	-	-	7,769
Taxation	(852)	-	-	-	-	-	(852)
<b>Profit/(loss) for the financial period</b>	(10,468)	17,385	-	-	-	-	6,917

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**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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
<b>Operating revenue</b>	27,606	41,572	1,910	57,610	85,948	-	214,646
Gross earned premiums/contributions	-	41,337	-	56,543	83,122	-	181,002
Premiums/contributions ceded to reinsurers	-	(21,494)	-	(37,120)	(6,038)	-	(64,652)
<b>Net earned premiums/contributions</b>	-	19,843	-	19,423	77,084	-	116,350
Investment income	3,256	235	1,910	1,067	2,826	-	9,294
Realised gains and losses	226	(29)	2,433	-	5,616	-	8,246
Fair value gains and losses	333	(11)	817	-	(1,554)	-	(415)
Fee and commission income	-	3,279	-	11,571	940	-	15,790
Other operating revenue from non-insurance businesses	24,350	-	-	-	-	-	24,350
Wakalah fee from takaful business	45,236	-	-	-	-	(45,236)	-
<b>Other revenue</b>	73,401	3,474	5,160	12,638	7,828	(45,236)	57,265
Gross benefits and claims paid	-	(28,384)	(3,409)	(19,266)	(30,147)	-	(81,206)
Claims ceded to reinsurers	-	24,620	3,515	10,091	4,740	-	42,966
Gross change to contract liabilities	-	(4,160)	(1,955)	(17,046)	-	-	(23,161)
Change in contract liabilities ceded to reinsurers	-	(99)	-	14,946	-	-	14,847
<b>Net insurance/takaful benefits and claims</b>	-	(8,023)	(1,849)	(11,275)	(25,407)	-	(46,554)
Fee and commission expense	(32,631)	(8,076)	(30)	-	-	-	(40,737)
Management expenses	(33,705)	(4,199)	(902)	(277)	-	-	(39,083)
Other operating income/(expenses) - net	(6,573)	22	324	-	(3,467)	-	(9,694)
Wakalah fee payable to Shareholders' fund	-	-	-	(16,089)	(29,147)	45,236	-
Finance cost	(6,156)	-	-	-	-	-	(6,156)
<b>Other expenses</b>	(79,065)	(12,253)	(608)	(16,366)	(32,614)	45,236	(95,670)
Share of loss of associate companies, net of tax	(114)	-	-	-	-	-	(114)
	(5,778)	3,041	2,703	4,420	26,891	-	31,277
Taxation of life insurance, general takaful and family takaful businesses	-	-	-	-	(744)	-	(744)
<b>Surplus after taxation/Profit/(loss) before taxation</b>	(5,778)	3,041	2,703	4,420	26,147	-	30,533
Surplus retained in life insurance, general takaful and family takaful businesses	-	-	(2,703)	(4,420)	(26,147)	-	(33,270)
<b>Profit/(loss) before taxation</b>	(5,778)	3,041	-	-	-	-	(2,737)
Taxation	(604)	87	-	-	-	-	(517)
Zakat	-	-	-	-	-	-	-
<b>Profit/(loss) for the financial period</b>	(6,382)	3,128	-	-	-	-	(3,254)

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**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

**Discontinued Operations**

	Shareholders ' fund	Life fund	Total
	RM'000	RM'000	RM'000
<b>Operating revenue</b>	11,294	3,316	14,610
Gross earned premiums	-	2,713	2,713
Premiums ceded to reinsurers	-	(228)	(228)
<b>Net earned premiums</b>	-	2,485	2,485
Investment income	8	603	611
Realised gains and losses	30,901	36	30,937
Fair value gains and losses	-	(1,360)	(1,360)
Fee and commission income	-	116	116
Other operating revenue from non-insurance businesses	11,286	-	11,286
<b>Other revenue</b>	42,195	(605)	41,590
Gross benefits and claims paid	-	(3,419)	(3,419)
Claims ceded to reinsurers	-	-	-
Gross change to contract liabilities	-	1,741	1,741
Change in contract liabilities ceded to reinsurers	-	-	-
<b>Net insurance benefits and claims</b>	-	(1,678)	(1,678)
Fee and commission expense	-	(358)	(358)
Management expenses	(10,944)	(2,712)	(13,656)
Other operating income– net	119	67	186
Finance cost	(20)	-	(20)
<b>Other expenses</b>	(10,845)	(3,003)	(13,848)
<b>Profit/ (deficit) before taxation</b>	31,350	(2,801)	28,549
Taxation of life insurance business	-	-	-
<b>Profit before taxation/ Deficit after taxation</b>	31,350	(2,801)	28,589
Deficit retained in life insurance business	-	2,801	2,801
<b>Profit before taxation</b>	31,350	-	31,350
Taxation	(153)	-	(153)
<b>Profit for the financial period</b>	31,197	-	31,197

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**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

**Discontinued Operations**

	Shareholders ' fund	General fund	Life fund	Total
	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	13,346	233,879	629,575	876,800
Gross earned premiums	-	221,556	492,115	713,671
Premiums ceded to reinsurers	-	(15,290)	(6,303)	(21,593)
<b>Net earned premiums</b>	-	206,266	485,812	692,078
Investment income	4,654	12,323	137,460	154,437
Realised gains and losses	125	4,699	20,451	25,275
Fair value gains and losses	(14)	4,990	62,767	67,743
Fee and commission income	-	10,825	6,163	16,988
Other operating revenue from non-insurance businesses	8,692	-	-	8,692
<b>Other revenue</b>	13,457	32,837	226,841	273,135
Gross benefits and claims paid	-	(151,606)	(550,196)	(701,802)
Claims ceded to reinsurers	-	40,714	3,888	44,602
Gross change to contract liabilities	-	(10,023)	9,782	(241)
Change in contract liabilities ceded to reinsurers	-	3,410	2,510	5,920
<b>Net insurance benefits and claims</b>	-	(117,505)	(534,016)	(651,521)
Fee and commission expense	-	(36,101)	(46,585)	(82,686)
Management expenses	(16,552)	(37,721)	(48,286)	(102,559)
Other operating income/(expenses) - net	(219)	2,253	(1,342)	692
Finance cost	(21)	-	-	(21)
<b>Other expenses</b>	(16,792)	(71,569)	(96,213)	(184,574)
<b>(Loss) /surplus before taxation</b>	(3,335)	50,029	82,424	129,118
Taxation of life insurance business	-	-	(21,346)	(21,346)
<b>Profit/(loss) before taxation/surplus after taxation</b>	(3,335)	50,029	61,078	107,772
Surplus retained in life insurance business	-	-	(61,078)	(61,078)
<b>Profit/(loss) before taxation</b>	(3,335)	50,029	-	46,694
Taxation	(1,580)	(13,093)	-	(14,673)
<b>Profit/(loss) for the financial period</b>	(4,915)	36,936	-	32,021

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**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 condensed 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 and a local non-insurance subsidiary company, following announcement by the Company as disclosed in note B6(c) and (d) of this report.

**Current financial quarter against preceding year's corresponding financial quarter**

Operating revenue

For the current financial quarter ended 30 June 2012(2Q-2012), the Group recorded a decrease of 76.3% in total operating revenue to RM142.7 million as compared to the previous year's corresponding financial quarter (2Q-2011) of RM602.8 million, of which the continuing operations recorded an increase of 21.5% to RM136.8 million (2Q-2011: RM112.6 million) and the discontinued operations recorded a decrease of 98.8% to RM5.9 million (2Q-2011: RM490.2 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM14.4 million wholly from the continuing operations (2Q-2011: RM145.3 million with continuing operation: RM18.6 million and discontinued operations: RM126.7 million). The Life Insurance Division recorded a total gross earned premium to RM1.3 million (2Q-2011: RM278.5 million), wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 11.0% increase in total gross earned contribution to RM37.2 million (2Q-2011: RM33.5 million), mainly growth from motor and personal accident classes of businesses, whilst the Family Takaful Division registered a 56.2% increase in total gross earned contribution to RM67.8 million (2Q-2011: RM43.4 million), mainly growth from single premium investment-linked products.

The unit trust fund management recorded a 18.9% decrease in operating revenue to RM9.1 million (2Q-2011: RM11.2 million) mainly due to the decrease in initial service and management fee income to RM8.9 million (2Q-2011: RM11.0 million).

The Shareholders' fund (excluding the unit trust fund management) recorded a 5.2% increase in total operating revenue to RM10.1 million (2Q-2011: RM9.6 million), of which the continuing operations recorded an increase of 96.2% to RM5.1 million (2Q-2011: RM2.6 million) and the discontinued operations recorded a decrease of 28.6% to RM5.0 million (2Q-2011: RM7.0 million).



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**B1. REVIEW OF GROUP PERFORMANCE (continued)**

**Current financial quarter against preceding year's corresponding financial quarter** (continued)

Profit before taxation

The Group recorded a profit before taxation of RM26.5 million for 2Q-2012 (2Q-2011: RM19.2 million), of which the continuing operations recorded a loss before taxation of RM4.4 million (2Q-2011: RM4.4 million) and the discontinued operations recorded a profit before taxation of RM30.9 million (2Q-2011: RM23.6 million).

Under the conventional insurance business, the General Insurance Division recorded a lower profit before taxation of RM2.1 million wholly from the continuing operations (2Q-2011: RM24.6 million with continuing operations: loss before taxation of RM0.6 million and discontinued operations: profit before taxation of RM25.2 million).

The Life Insurance Division registered a deficit before taxation of RM2.2 million wholly from the discontinued operations (2Q-2011: deficit before taxation of RM1.0 million with continuing operations: surplus before taxation of RM1.3 million and discontinued operations: deficit before taxation of RM2.3 million).

Under the takaful business, the General Takaful Division recorded a lower surplus before taxation of RM1.8 million (2Q-2011: RM5.3 million) due mainly to higher wakalah fee expenses of RM12.0 million (2Q-2011: RM8.6 million). The Family Takaful Division recorded a higher surplus before taxation of RM25.3 million (2Q-2011: RM8.9 million) due mainly to the increase in total gross earned contribution to RM67.8 million (2Q-2011: RM43.4 million).

The unit trust fund management recorded a lower profit before taxation of RM1.2 million (2Q-2011: profit before taxation of RM1.7 million), mainly due to decrease in initial service and management fee income.

The Shareholders' Fund (excluding the unit trust fund management) recorded a profit before taxation of RM23.2 million (2Q-2011: loss before taxation of RM7.0 million), of which the continuing operations recorded a loss before taxation of RM7.7 million (2011: RM5.4 million) and the discontinued operations recorded a profit before taxation of RM30.9 million (2011: loss before taxation of RM1.6 million). The profit in the current financial quarter was due mainly a gain of RM30.1 million recognized from the receipt of the same sum held back from the sale consideration of the disposal of MAA upon satisfaction of condition precedent to the SPA as disclosed in note B6(a) of this report.

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.

**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

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**B1. REVIEW OF GROUP PERFORMANCE (continued)**

**Current financial period to date against preceding year's corresponding period to date**

Operating revenue

For six (6) months period ended 30 June 2012, the Group's total operating revenue decreased by 76.7% to RM254.7 million (2011: RM1,091.4 million), of which the continuing operations recorded an increase of 11.9% to RM240.1 million (2011: RM214.6 million) and the discontinued operations recorded a decrease of 98.3% to RM14.6 million (2011: RM876.8 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM37.4 million wholly from the continuing operations (2011: RM262.9 million with continuing operation: RM41.3 million and discontinued operations: RM221.6 million). The Life Insurance Division recorded a total gross earned premium of RM2.7 million (2011: RM492.1 million), wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 16.1% increase in total gross earned contribution to RM65.6 million (2011: RM56.5 million) mainly growth from motor and personal accident classes of businesses, whilst the Family Takaful Division registered a 27.2% increase in total gross earned contribution to RM105.7 million (2011: RM83.1 million) mainly growth from single premium investment-linked products.

The unit trust fund management recorded a 20.0% decrease in operating revenue to RM18.0 million (2011: RM22.5 million) mainly due to the decrease in initial service and management fee income to RM17.6 million (2011: RM22.1 million).

The Shareholders' fund (excluding the unit trust fund management) recorded a 2.7% increase in total operating revenue to RM18.9 million (2011: RM18.4 million), of which the continuing operations recorded an increase of 49.0% to RM7.6 million (2011: RM5.1 million) and the discontinued operations recorded a decrease of 15.0% to RM11.3 million (2011: RM13.3 million).

Profit before taxation

The Group recorded a profit before taxation of RM39.1 million for the current financial period under review (2011: RM44.0 million), of which the continuing operations recorded a profit before taxation of RM7.8 million (2011: loss before taxation of RM2.7 million) and the discontinued operations recorded a profit before taxation of RM31.3 million (2011: RM46.7 million).

Under the conventional insurance business, the General Insurance Division recorded a lower profit before taxation of RM17.4 million wholly from the continuing operations (2011: RM53.0 million with continuing operations: RM3.0 million and discontinued operations: RM50.0 million). The continuing operation's 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 deficit before taxation of RM2.8 million wholly from the discontinued operations (2011: surplus before taxation of RM85.1 million with continuing operations: RM2.7 million, discontinued operations: RM82.4 million).

Under the takaful business, the General Takaful Division recorded a lower surplus before taxation of RM3.0 million (2011: RM4.4 million) due mainly to higher wakalah fee expenses of RM20.9 million (2011: RM16.1 million). The Family Takaful Division recorded a higher surplus before taxation of RM41.5 million (2011: RM26.9 million) mainly due to the increase in total gross earned contribution to RM105.7 million (2011: RM83.1 million).

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**B1. REVIEW OF GROUP PERFORMANCE** (continued)

**Current financial period to date against preceding year's corresponding period to date** (continued)

Profit before taxation

During the current financial period under review, the unit trust fund management recorded a lower profit before taxation of RM2.3 million (2011: RM3.3 million), mainly due to decrease in initial service and management fee income.

The Shareholders' Fund (excluding the unit trust fund management) recorded a profit before taxation of RM19.5 million (2011: loss before taxation of RM12.4 million), of which the continuing operations recorded a loss before taxation of RM11.9 million (2011: RM9.1 million) and the discontinued operations recorded a profit before taxation of RM31.4 million (2011: loss before taxation of RM3.3 million). The profit in the current financial period was due mainly a gain of RM30.1 million recognized from the receipt of the same sum held back from the sale consideration of the disposal of MAA upon satisfaction of condition precedent to the SPA as disclosed in note B6(a) of this report.

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 higher profit before taxation of RM26.5 million (preceding quarter 2012: profit before taxation of RM12.6 million). The higher profit in the current financial quarter was due mainly a gain of RM30.1 million recognized from the receipt of the same sum held back from the sale consideration of the disposal of MAA upon satisfaction of condition precedent to the SPA as disclosed in note B6(a) of this report.

**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 regularisation plan to regularise 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**

There was no profit forecast of profit guarantee issued by the Group.

**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

**B5. TAXATION**

RM'000	3 months period ended		6 months period ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
<b>CONTINUING OPERATIONS</b>				
<u>Current tax</u>				
Current financial quarter/period	551	261	817	515
Over accrual in prior financial quarter/period	-	-	-	(87)
	551	261	817	428
<u>Deferred tax</u>				
Current financial quarter/period	44	(16)	35	89
	44	(16)	35	89
Tax expense	595	245	852	517
<b>DISCONTINUED OPERATIONS</b>				
<u>Current tax</u>				
Current financial quarter/period	52	7,059	168	15,475
Under accrual in prior financial quarter/period	-	10	-	10
	52	7,069	168	15,485
<u>Deferred tax</u>				
Current financial quarter/period	(74)	(341)	(15)	(801)
Over accrual in prior financial quarter/period	-	(50)	-	(11)
	(74)	(391)	(15)	(812)
Tax (income)/expense	(22)	6,678	153	14,673

The Group's effective tax rate for the current financial quarter and period were lower than the statutory tax rate of 25% due mainly to certain income/gain which are not subject to tax. However, the effective tax rate for the previous year's corresponding financial quarter and period were higher than the statutory tax rate of 25% due to certain expenses which were not deductible for tax purposes.

**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

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**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.

On 28 June 2012, the Company received RM30.1 million from Zurich being the net held back sum upon satisfaction of condition precedent to the SPA in relation to Prima Avenue Klang (one of the real properties owned by MAA).

**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

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**B6. STATUS OF CORPORATE PROPOSALS (continued)**

- (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.

On 31 October 2011, 30 November 2011, 30 December 2011, 2 February 2012, 10 February 2012, 1 March 2012, 2 April 2012, 2 May 2012, 1 June 2012, 2 July 2012 and 1 August 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 two (2) 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.

On 16 August 2012, the Company, MAAIA and TM entered into another Supplemental Share Purchase Agreement with the following terms:

- (i) TM to make additional subscription of 35 million ordinary shares in PT MAAL, representing approximately 16.5% of the enlarged share capital in PT MAAL, at par value of IDR1,000 each; and
- (ii) MAAIA to dispose of 69,791,613 ordinary shares in PT MAA Life, representing 32.9% of the enlarged share capital in PT MAAL.

**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

**B6. STATUS OF CORPORATE PROPOSALS** (continued)

(c) The Company had on the same date announced that all conditions precedent as set out in the SPA dated 27 February 2012 and the supplemental agreements had been satisfied save for those waived and the Proposed Disposal of PT MAAL had also been completed with a final sale consideration of IDR14.65 billion (equivalent to RM4.951 million, based on the exchange rate of IDR100 = RM0.0338 as at 14 August 2012) following adjustments in accordance with the supplemental agreements.

(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”) (“Proposed Disposal”) 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 SPA.

On 28 June 2012, the Company announced that Wira had received the approval in writing from the Ministry of Home Affairs Malaysia. In connection therewith, the Proposed Disposal had completed on the same day.

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

**B7. GROUP BORROWINGS**

The Group’s borrowings include:

RM’000	As at 30.06.2012	As at 31.12.2011
		<b>(Audited)</b>
<u>Short term</u>		
Bank overdraft (unsecured)	4,518	9,232

**B8. MATERIAL LITIGATION**

There were no material litigations as at 22 August 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 QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

**B9. PROPOSED DIVIDEND**

The Board of Directors does not recommend the payment of any dividend in the current financial quarter and period under review.

**B10. EARNINGS PER SHARE**

	3 months period ended		6 months period ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter /period (RM'000)				
- Continuing operations	(6,134)	(5,088)	5,403	(3,997)
- Discontinued operations	30,914	16,879	31,197	32,021
	24,780	11,791	36,600	28,024
Weighted average number of ordinary shares in issue ('000)	304,354	304,354	304,354	304,354
Basic earnings per share (sen)				
- Continuing operations	(2.02)	(1.67)	1.78	(1.31)
- Discontinued operations	10.16	5.55	10.25	10.52
	8.14	3.88	12.03	9.21

**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.



**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2012**

**B12. PROFIT FOR THE QUARTER AND PERIOD**

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

RM'000	3 months period ended		6 months period ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
<b>CONTINUING OPERATIONS</b>				
Interest income	4,231	3,833	8,359	7,377
Dividend income	1,068	909	1,608	1,409
Rental income	24	32	46	74
Accretion of discounts	38	278	125	433
Gain on disposal of investments	2,126	3,614	6,178	8,199
Gain on disposal of property, plant and equipment	9	7	9	48
Net fair value gain /(loss) on investments	2,002	(156)	3,280	(265)
Reversal of impairment loss on property, plant and equipment	426	-	673	-
Net foreign exchange (loss) /gain	(291)	(46)	32	94
(Allowance for) /write back of impairment loss on trade and other receivables	(78)	(72)	9	(5)
(Allowance for) /write back of impairment loss on insurance receivables	(326)	107	(856)	(462)
Write back of /(allowance for) impairment loss on loans from leasing, hire purchase and other - net	25	(158)	48	(149)
Depreciation of property, plant and equipment	(279)	(447)	(1,086)	(719)
Amortisation of intangible assets	(459)	(464)	(911)	(885)
<b>DISCONTINUED OPERATIONS</b>				
Interest income	(464)	56,303	611	110,815
Dividend income	-	12,079	-	18,612
Rental income	-	3,710	-	6,520
Accretion of discounts	-	9,904	-	20,304
Gain on disposal of investments	-	17,902	-	23,205
Gain on disposal of investment properties	-	1,308	-	1,308
Gain/(loss) on disposal of property, plant and equipment	65	84	65	(78)
Gain on disposal of subsidiary companies	30,872	-	30,872	-
Net fair value (loss) /gain on investments	(1,360)	27,295	(1,360)	58,384
Impairment loss on available-for-sale investments	-	(265)	-	(265)
Net foreign exchange gain/(loss)	16	(6)	21	(18)
(Allowance for) /write back of impairment loss on trade and other receivables	(59)	38	(154)	194
Write back of impairment loss on insurance receivables	-	283	-	1,167
Write back of impairment loss on loans from leasing, hire purchase and other - net	-	8,168	-	8,652
Depreciation of property, plant and equipment	(198)	(3,355)	(346)	(6,699)
Amortisation of intangible assets	-	(1,144)	-	(1,160)
Amortisation of lease	-	(9)	-	(18)

**MAA GROUP BERHAD (471403-A)**  
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**NOTES TO THE REPORT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 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:

<b>RM'000</b>	<b>As at 30.06.2012</b>	<b>As at 31.12.2011</b>
Total retained earnings of the Group:		
- Realised	158,718	107,497
- Unrealised	902	5,577
	159,620	113,074
Total share of accumulated losses from associated companies		
- Realised	(7,615)	(5,644)
- Unrealised	5,728	4,616
	(1,887)	(1,028)
	157,733	112,046
Less: Consolidation adjustments	(12,092)	(3,005)
<b>Total Group retained earnings as per statement of financial position</b>	<b>145,641</b>	<b>109,041</b>

**By Order of the Board**

Lily Yin Kam May  
 Yeo Took Keat  
 Company Secretaries

KUALA LUMPUR  
 DATE: 28 AUGUST 2012