

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

**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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

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 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)

(Incorporated in Malaysia)

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012
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	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	RM'000	RM'000	RM'000	
<u>3 months period ended</u>															
<u>30 September 2012</u>															
External revenue	65	692	15,583	-	245	-	38,133	52,020	989	10,289	1,328	-	119,344	-	119,344
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	<u>65</u>	<u>692</u>	<u>15,583</u>	<u>-</u>	<u>245</u>	<u>-</u>	<u>38,133</u>	<u>52,020</u>	<u>989</u>	<u>10,289</u>	<u>1,328</u>	<u>-</u>	<u>119,344</u>	<u>-</u>	<u>119,344</u>
Profit/(loss) by segments	(111)	(369)	(18,702)	-	(2,334)	-	1,701	5,373	(118)	1,376	3,098	8,119	(1,967)	570	(1,397)
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	111	369	-	-	-	-	(1,701)	(5,373)	-	-	-	-	(6,594)	-	(6,594)
	<u>-</u>	<u>-</u>	<u>(18,702)</u>	<u>-</u>	<u>(2,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118)</u>	<u>1,376</u>	<u>3,098</u>	<u>8,119</u>	<u>(8,561)</u>	<u>570</u>	<u>(7,991)</u>
Share of loss of associated companies not included in reportable segments													(469)	-	(469)
0 before taxation (*)													(9,030)	570	(8,460)

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

	RM'000
- Continuing	(40,256)
- discontinued	31,796
	<u>(8,460)</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			
9 months period ended 30 September 2012															
External revenue	191	4,008	53,222	-	836	-	105,107	161,779	2,724	28,309	6,593	11,294	374,063	-	374,063
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	<u>191</u>	<u>4,008</u>	<u>53,222</u>	<u>-</u>	<u>836</u>	<u>-</u>	<u>105,107</u>	<u>161,779</u>	<u>2,724</u>	<u>28,309</u>	<u>6,593</u>	<u>11,294</u>	<u>374,063</u>	<u>-</u>	<u>374,063</u>
Profit/(loss) by segments	(111)	(3,170)	(1,317)	-	(2,212)	-	3,922	46,518	2,252	3,671	18,561	9,377	77,491	1,655	79,146
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	111	3,170	-	-	-	-	(3,922)	(46,518)	-	-	-	-	(47,159)	-	(47,159)
	<u>-</u>	<u>-</u>	<u>(1,317)</u>	<u>-</u>	<u>(2,212)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,252</u>	<u>3,671</u>	<u>18,561</u>	<u>9,377</u>	<u>30,332</u>	<u>1,655</u>	<u>31,987</u>
Share of loss of associated companies not included in reportable segments													(1,328)	-	(1,328)
Profit before taxation (*)													<u>29,004</u>	<u>1,655</u>	<u>30,659</u>

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

	RM'000
- Continuing	(32,487)
- discontinued	63,146
	<u>30,659</u>

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NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012
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			
	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
3 months period ended															
30 September 2011															
External revenue	271	277,059	18,599	131,464	240	2,683	31,256	36,895	985	9,343	1,478	5,508	515,781	-	515,781
Inter-segment revenue	-	1,136	-	89	-	-	-	-	-	-	341	3,871	5,437	(5,437)	-
Total operating revenue	<u>271</u>	<u>278,195</u>	<u>18,599</u>	<u>131,553</u>	<u>240</u>	<u>2,683</u>	<u>31,256</u>	<u>36,895</u>	<u>985</u>	<u>9,343</u>	<u>1,819</u>	<u>9,379</u>	<u>521,218</u>	<u>(5,437)</u>	<u>515,781</u>
Profit/(loss) by segments	44,376	20,549	763	8,680	(1,603)	2,438	1,719	7,688	(1,083)	1,277	(14,597)	1,590	71,797	(3,798)	67,999
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	5,687	(20,549)	-	-	-	-	(1,719)	(7,688)	-	-	-	-	(24,269)	(138)	(24,407)
	<u>50,063</u>	<u>-</u>	<u>763</u>	<u>8,680</u>	<u>(1,603)</u>	<u>2,438</u>	<u>-</u>	<u>-</u>	<u>(1,083)</u>	<u>1,277</u>	<u>(14,597)</u>	<u>1,590</u>	<u>47,528</u>	<u>(3,936)</u>	<u>43,592</u>
Share of profit of associated companies not included in reportable segments													466	-	466
Profit before taxation (*)													<u>47,994</u>	<u>(3,936)</u>	<u>44,058</u>

(*) consist of profit before taxation from:

	RM'000
- Continuing	33,085
- discontinued	<u>10,973</u>
	<u>44,058</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			
9 months period ended 30 September 2011															
External revenue	2,181	906,634	60,171	365,343	339	7,299	88,866	122,843	3,365	31,795	4,153	14,238	1,607,227	-	1,607,227
Inter-segment revenue	-	3,167	-	259	-	-	-	-	-	-	1,497	13,169	18,092	(18,092)	-
Total operating revenue	2,181	909,801	60,171	365,602	339	7,299	88,866	122,843	3,365	31,795	5,650	27,407	1,625,319	(18,092)	1,607,227
Profit/(loss) by segments	46,770	80,760	3,600	55,444	(1,725)	5,752	6,139	33,835	1,320	4,589	(32,356)	1,773	205,901	496	206,397
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	3,293	(80,760)	-	-	-	-	(6,139)	(33,835)	-	-	-	-	(117,441)	(1,293)	(118,734)
	50,063	-	3,600	55,444	(1,725)	5,752	-	-	1,320	4,589	(32,356)	1,773	88,460	(797)	87,663
Share of profit of associated companies not included in reportable segments													352	-	352
Profit before taxation (*)													88,812	(797)	88,015

(*) consist of profit before taxation from:

	RM'000
- Continuing	30,348
- discontinued	57,667
	<u>88,015</u>

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

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

- (a) 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(c) of this report.
- (b) On 16 August 2012, PT MAA Life Assurance ceased to be a subsidiary of the Group after the disposal of its 32.9% equity interest as stated in note B6(d) of this report.
- (c) On 5 September 2012, the Company disposed its 45% equity interest in an associated company, Maybach Logistics Sdn Bhd to Crest Corporate Services Sdn Bhd for a total cash consideration of RM14,000.

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:

RM'000	As at	As at
	30.09.2012	31.12.2011
Performance bonds and guarantees	20,303	19,077

A11. CONTINGENCIES (continued)

- (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 (now known as Zurich Insurance Malaysian Berhad) ("ZIMB") and Kumpulan Wang Amanah Pencen ("KWAP") of RM19.6 million and RM7.3 million respectively placed with the custodian ("Custodian") ("MAM Suit").

ZIMB 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 ("ZIMB Suit"). MAM was subsequently brought in as a Third Party to the legal proceedings by the Custodian in ZIMB Suit.

The Custodian had on 17 October 2012 filed a Notice of Application to amend its Statement of Claim against MAM as a Third Party in ZIMB's suit and a Notice of Application to amend its Statement of Defense in MAM's suit ("Custodian's Notice of Application"). ZIMB had on 30 October 2012 filed a Notice Of Application to amend its Statement of Claim to include MAM as a Co-Defendant ("ZIMB's Notice of Application"). Both the Custodian and ZIMB's Notice of Application were heard on 19 November 2012.

On 19 November 2012, the Judge has allowed, the Custodian's Notice of Application, inter alia, to include the judgment dated 8 May 2012 obtained by KWAP against MAM and the Judge has further directed MAM to file its amended Statement of Defence and Amended Reply on 29 November 2012.

The Judge has also allowed ZIMB's Notice of Application and directed MAM to file its Statement of Defence on 28 November 2012 and parties to file bundle of pleadings on 29 November 2012 and witness statements on 30 November 2012.

The matter is fixed for trial on 3 December 2012 to 5 December 2012, 13 December 2012 and 14 December 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 ZIMB Suit. The solicitors have further advised that ZIMB's cause of action is premised on breach of trust and ZIMB's chance of success against MAM in the ZIMB Suit is not high.

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 Court of Appeal has yet to fix a date for hearing.

Consequently, based on the Court's decision, the Group has made provision for KWAP claims sum including interest totaling RM14.4 million in these interim consolidated financial statements for the current financial quarter ended 30 September 2012.

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A12. CAPITAL COMMITMENTS

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

RM'000	Approved and contracted for	Approved and not contracted for
Property, plant and equipments	3,514	927

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A13. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY INSURANCE FUNDS AS AT 30 SEPTEMBER 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	17,363	388	-	-	-	17,751
Investment properties	11,175	-	-	-	-	11,175
Intangible assets	7,668	-	-	-	-	7,668
Investments	114,261	28	11,657	57,202	261,848	444,996
Financial assets at fair value through profit of loss	20,002	20	11,657	-	164,295	195,974
Available-for-sale financial assets	87,519	8	-	57,202	53,134	197,863
Loans and receivables	6,740	-	-	-	44,419	51,159
Associated companies	55,672	-	-	-	-	55,672
Reinsurance assets	-	28,808	-	129,668	14,815	173,291
Insurance receivables	-	14,854	-	23,811	26,268	64,933
Trade and other receivables	267,023	1,563	160	1,082	448	270,276
Tax recoverable	3,138	-	-	-	-	3,138
Deferred tax assets	139	383	-	-	-	522
Cash and cash equivalents	79,823	4,552	2,187	14,898	53,167	154,627
Assets classified as held for sale	1,589	-	-	-	-	1,589
Total assets	557,851	50,576	14,004	226,661	356,546	1,205,638
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance contract liabilities	-	69,883	-	172,325	303,564	545,772
Investment contract liabilities	-	-	11,930	-	-	11,930
Borrowings						
- Bank overdraft (unsecured)	4,874	-	-	-	-	4,874
Insurance payables	-	5,640	-	40,100	24,038	69,778
Trade and other payables	60,055	1,300	542	9,435	13,500	84,832
Current tax liabilities	817	-	-	1,491	2,109	4,417
Deferred tax liabilities	3,267	-	-	725	1,519	5,511
Total liabilities	69,013	76,823	12,472	224,076	344,730	727,114
Equity, policyholders' funds and liabilities						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	146,623	-	-	-	-	146,623
Reserves	960	-	-	-	-	960
Total equity attributable to the owners of the Company	451,937	-	-	-	-	451,937
Non-controlling interest	26,587	-	-	-	-	26,587
Total equity	478,524	-	-	-	-	478,524
Total equity, policyholders' funds and liabilities	547,537	76,823	12,472	224,076	344,730	1,205,638
Inter-fund balances	10,314	(26,247)	1,532	2,585	11,816	-

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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
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	97,733	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	-

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A14. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(I) OTHER ASSET HELD FOR SALE

	30 September 2012 RM'000	31 December 2011 (Audited) RM'000
Property, plant and equipment	1,589	1,589

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**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	38,462	53,222	191	105,107	161,779	-	358,761
Gross earned premiums/contributions	-	52,892	-	102,992	155,174	-	311,058
Premiums/contributions ceded to reinsurers	-	(26,040)	-	(80,803)	(13,583)	-	(120,426)
Net earned premiums/contributions	-	26,852	-	22,189	141,591	-	190,632
Investment income	6,807	330	191	2,115	6,605	-	16,048
Realised gains and losses	4,759	-	76	565	5,636	-	11,036
Fair value gains and losses	334	-	(2,932)	-	6,496	-	3,898
Fee and commission income	-	4,311	-	23,287	-	-	27,598
Other operating revenue from non-insurance businesses	31,655	-	-	-	-	-	31,655
Wakalah fee from takaful business	83,752	-	-	-	-	(83,752)	-
Other revenue	127,307	4,641	(2,665)	25,967	18,737	(83,752)	90,235
Gross benefits and claims paid	-	(39,590)	-	(36,204)	(63,068)	-	(138,862)
Claims ceded to reinsurers	-	18,934	-	24,554	9,349	-	52,837
Gross change to contract liabilities	-	(5,287)	3,311	(10,865)	-	-	(12,841)
Change in contract liabilities ceded to reinsurers	-	1,693	-	13,301	-	-	14,994
Net insurance/takaful benefits and claims	-	(24,250)	3,311	(9,214)	(53,719)	-	(83,872)
Fee and commission expense	(60,665)	(14,578)	(6)	-	-	-	(75,249)
Management expenses	(77,206)	(7,836)	(931)	6	-	-	(85,967)
Other operating income/(expenses) - net	(18,964)	13,854	180	-	(7,482)	-	(12,412)
Wakalah fee payable to Shareholders' fund	-	-	-	(32,596)	(51,156)	83,752	-
Finance cost	(314)	-	-	-	-	-	(314)
Other expenses	(157,149)	(8,560)	(757)	(32,590)	(58,638)	83,752	(173,942)
Share of loss of associate companies, net of tax	(1,328)	-	-	-	-	-	(1,328)
	(31,170)	(1,317)	(111)	6,352	47,971	-	21,725
Taxation of life insurance, general takaful and family takaful businesses	-	-	-	(2,430)	(1,453)	-	(3,883)
Surplus/(deficit) after taxation/Profit/(loss) before taxation	(31,170)	(1,317)	(111)	3,922	46,518	-	17,842
Deficit/(surplus) retained in life insurance, general takaful and family takaful businesses	-	-	111	(3,922)	(46,518)	-	(50,329)
Loss before taxation	(31,170)	(1,317)	-	-	-	-	(32,487)
Taxation	(1,588)	-	-	-	-	-	(1,588)
Loss for the financial period	(32,758)	(1,317)	-	-	-	-	(34,075)

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NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	39,652	60,171	2,181	88,866	122,843	-	313,713
Gross earned premiums/contributions	-	59,673	6	87,130	118,274	-	265,083
Premiums/contributions ceded to reinsurers	-	(30,415)	-	(58,937)	(9,214)	-	(98,566)
Net earned premiums/contributions	-	29,258	6	28,193	109,060	-	166,517
Investment income	5,001	498	2,175	1,736	4,569	-	13,979
Realised gains and losses	(2,187)	(29)	2,339	-	5,080	-	5,203
Fair value gains and losses	(2,414)	(11)	(3,297)	-	(9,228)	-	(14,950)
Fee and commission income	-	4,463	-	15,642	1,421	-	21,526
Other operating revenue from non-insurance businesses	34,651	-	-	-	-	-	34,651
Wakalah fee from takaful business	64,560	-	-	-	-	(64,560)	-
Other revenue	99,611	4,921	1,217	17,378	1,842	(64,560)	60,409
Gross benefits and claims paid	-	(35,041)	(3,409)	(24,912)	(39,856)	-	(103,218)
Claims ceded to reinsurers	-	27,942	3,515	13,267	9,409	-	54,133
Gross change to contract liabilities	-	(4,227)	50,619	(26,251)	-	-	20,141
Change in contract liabilities ceded to reinsurers	-	(578)	-	22,217	-	-	21,639
Net insurance/takaful benefits and claims	-	(11,904)	50,725	(15,679)	(30,447)	-	(7,305)
Fee and commission expense	(46,671)	(12,493)	(39)	-	-	-	(59,203)
Management expenses	(55,433)	(6,066)	(1,189)	(235)	-	-	(62,923)
Other operating income/(expenses) - net	(7,566)	95	364	-	(5,402)	-	(12,509)
Wakalah fee payable to Shareholders' fund	-	-	-	(23,518)	(41,042)	64,560	-
Finance cost	(14,185)	-	-	-	-	-	(14,185)
Other expenses	(123,855)	(18,464)	(864)	(23,753)	(46,444)	64,560	(148,820)
Share of profit of associate companies, net of tax	352	-	-	-	-	-	352
	(23,892)	3,811	51,084	6,139	34,011	-	71,153
Taxation of life insurance, general takaful and family takaful businesses	-	-	-	-	(176)	-	(176)
Surplus after taxation/Profit/(loss) before taxation	(23,892)	3,811	51,084	6,139	33,835	-	70,977
Surplus retained in life insurance, general takaful and family takaful businesses	-	-	(655)	(6,139)	(33,835)	-	(40,629)
Profit/(loss) before taxation	(23,892)	3,811	50,429	-	-	-	30,348
Taxation	(779)	87	-	-	-	-	(692)
Zakat	-	-	-	-	-	-	-
Profit/(loss) for the financial period	(24,671)	3,898	50,429	-	-	-	29,656

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NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

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

Discontinued Operations

	Shareholders ' fund	Life fund	Total
	RM'000	RM'000	RM'000
Operating revenue	11,294	4,008	15,302
Gross earned premiums	-	3,453	3,453
Premiums ceded to reinsurers	-	(258)	(258)
Net earned premiums	-	3,195	3,195
Investment income	8	555	563
Realised gains and losses	62,149	(182)	61,967
Fair value gains and losses	386	(942)	(556)
Fee and commission income	-	135	135
Other operating revenue from non-insurance businesses	11,286	-	11,286
Other revenue	73,829	(434)	73,395
Gross benefits and claims paid	-	(3,749)	(3,749)
Gross change to contract liabilities	-	1,587	1,587
Net insurance benefits and claims	-	(2,162)	(2,162)
Fee and commission expense	-	(450)	(450)
Management expenses	(10,944)	(3,373)	(14,317)
Other operating income– net	281	54	335
Finance cost	(20)	-	(20)
Other expenses	(10,683)	(3,769)	(14,452)
Profit /(deficit) before taxation	63,146	(3,170)	59,976
Taxation of life insurance business	-	-	-
Profit before taxation/ Deficit after taxation	63,146	(3,170)	59,976
Deficit retained in life insurance business	-	3,170	3,170
Profit before taxation	63,146	-	63,146
Taxation	(153)	-	(153)
Profit for the financial period	62,993	-	62,993

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NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

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

Discontinued Operations

	Shareholders ' fund	General fund	Life fund	Total
	RM'000	RM'000	RM'000	RM'000
Operating revenue	21,537	365,343	906,634	1,293,514
Gross earned premiums	-	346,873	694,748	1,041,621
Premiums ceded to reinsurers	-	(38,351)	(14,507)	(52,858)
Net earned premiums	-	308,522	680,241	988,763
Investment income	7,361	18,470	211,886	237,717
Realised gains and losses	233	2,867	21,141	24,241
Fair value gains and losses	223	4,093	(57,274)	(52,958)
Fee and commission income	-	15,001	46,634	61,635
Other operating revenue from non-insurance businesses	14,176	-	-	14,176
Other revenue	21,993	40,431	222,387	284,811
Gross benefits and claims paid	-	(215,776)	(936,817)	(1,152,593)
Claims ceded to reinsurers	-	82,277	8,351	90,628
Gross change to contract liabilities	-	(42,388)	233,361	190,973
Change in contract liabilities ceded to reinsurers	-	(6,563)	688	(5,875)
Net insurance benefits and claims	-	(182,450)	(694,417)	(876,867)
Fee and commission expense	-	(52,623)	(71,746)	(124,369)
Management expenses	(25,017)	(55,456)	(71,585)	(152,058)
Other operating income/(expenses) - net	(33)	2,332	(986)	1,313
Finance cost	(32)	-	-	(32)
Other expenses	(25,082)	(105,747)	(144,317)	(275,146)
(Loss) /surplus before taxation	(3,089)	60,756	63,894	121,561
Taxation of life insurance business	-	-	14,211	14,211
Profit/(loss) before taxation/surplus after taxation	(3,089)	60,756	78,105	135,772
Surplus retained in life insurance business	-	-	(78,105)	(78,105)
Profit/(loss) before taxation	(3,089)	60,756	-	57,667
Taxation	(3,629)	(19,571)	-	(23,200)
Profit/(loss) for the financial period	(6,718)	41,185	-	34,467

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 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, as announced by the Company 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 September 2012(3Q-2012), the Group recorded a decrease of 76.9% in total operating revenue to RM119.4 million as compared to the previous year's corresponding financial quarter (3Q-2011) of RM515.8 million, of which the continuing operations recorded an increase of 19.8% to RM118.7 million (3Q-2011: RM99.1 million) and the discontinued operations recorded a decrease of 99.8% to RM0.7 million (3Q-2011: RM416.7 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM15.5 million wholly from the continuing operations (3Q-2011: RM143.6 million with continuing operations: RM18.3 million and discontinued operations: RM125.3 million). The Life Insurance Division recorded a total gross earned premium of RM0.7 million (3Q-2011: RM202.6 million), wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 22.3% increase in total gross earned contribution to RM37.4 million (3Q-2011: RM30.6 million), mainly growth from motor and personal accident classes of business, whilst the Family Takaful Division registered a 40.9% increase in total gross earned contribution to RM49.5 million (3Q-2011: RM35.2million), mainly growth from single premium investment-linked products.

The unit trust fund management recorded a 10.8% increase in operating revenue to RM10.3 million (3Q-2011: RM9.3 million) mainly due to the increase in initial service and management fee income to RM10.1 million (3Q-2011: RM9.1 million).

The Shareholders' fund (excluding the unit trust fund management) recorded a total operating revenue of RM2.6 million wholly from continuing operations (3Q-2011: RM10.9 million with the continuing operations: RM2.7 million and discontinued operations : RM8.2 million).

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Profit before taxation

The Group recorded a loss before taxation of RM8.5 million for 3Q-2012 (3Q-2011: profit before taxation of RM44.1 million), of which the continuing operations recorded a loss before taxation of RM40.3 million (3Q-2011: profit before taxation of RM33.1 million) and the discontinued operations recorded a profit before taxation of RM31.8 million (3Q-2011: RM11.0 million).

Under the conventional insurance business, the General Insurance Division recorded a loss before taxation of RM18.7 million wholly from the continuing operations (3Q-2011: RM11.5 million with continuing operations: profit before taxation of RM0.8 million and discontinued operations: profit before taxation of RM10.7 million). The higher loss recorded by the continuing operations was due mainly to substantial net insurance benefits and claims of RM10.5 million and higher agents' commission expenses of RM3.5 million incurred by the insurance subsidiary company in Indonesia.

The Life Insurance Division registered a deficit before taxation of RM0.5 million (3Q-2011: surplus before taxation of RM29.9 million), of which the continuing operations recorded a deficit before taxation of RM0.1 million (3Q-2011: surplus before taxation of RM48.4 million) and the discontinued operations recorded a deficit before taxation of RM0.4 million (3Q-2011: deficit before taxation of RM18.5 million). The continuing operations' surplus in preceding financial quarter arose mainly from full release of the insurance contract liabilities of RM48.3 million recorded by the Labuan offshore insurance subsidiary company subsequent to the commutation of the life insurance treaties in 2011.

Under the takaful business, the General Takaful Division recorded a higher surplus before taxation of RM3.4 million (3Q-2011: RM1.7 million) due mainly to lower net takaful benefits and claims of RM2.8 million (3Q-2011: RM4.4 million). Despite the increase in gross earned contribution to RM49.5 million (3Q-2011: RM35.2million), the Family Takaful Division recorded a lower surplus before taxation of RM6.5 million (3Q-2011: RM7.1 million) due mainly to the increase in net takaful benefits and claims of RM23.8 million (3Q-2011: RM5.0 million) and higher wakalah fee expenses of RM17.6 million (3Q-2011: RM11.9 million).

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.

The unit trust fund management recorded a marginal increase in profit before taxation from RM1.3 million in 3Q-2011 to RM1.4 million.

The Shareholders' Fund (excluding the unit trust fund management) recorded a profit before taxation of RM8.8 million (3Q-2011: loss before taxation of RM19.2 million), of which the continuing operations recorded a loss before taxation of RM23.0 million (3Q-2011: loss before taxation of RM19.4 million) and the discontinued operations recorded a profit before taxation of RM31.8 million (3Q-2011: profit before taxation of RM0.2 million). The profit in the current financial quarter was due mainly to a gain of RM20.6 million recognized upon the receipt of the same sum held back from the sale consideration of MAA after satisfaction of certain condition precedent as stipulated in the SPA and a gain of RM5.3 million arising from a subsequent upward adjustment to the sale consideration of MAA due to overstatement of Life fund liabilities in the draft completion accounts prepared by Zurich. However, this profit was affected by a provision of KWAP claims sum including interest totaling RM14.4 million as disclosed in note A11 (b) of this report.

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Operating revenue

For nine (9) months period ended 30 September 2012, the Group's total operating revenue decreased by 76.7% to RM374.1 million (2011: RM1,607.2 million), of which the continuing operations recorded an increase of 14.4% to RM358.8 million (2011: RM313.7 million) and the discontinued operations recorded a decrease of 98.8% to RM15.3 million (2011: RM1,293.5 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM52.9 million wholly from the continuing operations (2011: RM406.6 million with continuing operations: RM59.7 million and discontinued operations: RM346.9 million). The Life Insurance Division recorded a total gross earned premium of RM3.5 million (2011: RM694.7 million), wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 18.2% increase in total gross earned contribution to RM103.0 million (2011: RM87.1 million) mainly growth from motor and personal accident classes of businesses, whilst the Family Takaful Division registered a 31.2% increase in total gross earned contribution to RM155.2 million (2011: RM118.3 million) mainly growth from single premium investment-linked products.

The unit trust fund management recorded a 11.0% decrease in operating revenue to RM28.3 million (2011: RM31.8 million) mainly due to the decrease in initial service and management fee income to RM27.7 million (2011: RM31.2 million).

The Shareholders' fund (excluding the unit trust fund management) recorded a 26.9% decrease in total operating revenue to RM21.5 million (2011: RM29.4 million), of which the continuing operations recorded an increase of 29.1% to RM10.2 million (2011: RM7.9 million) and the discontinued operations recorded a decrease of 47.4% to RM11.3 million (2011: RM21.5 million).

Profit before taxation

The Group recorded a profit before taxation of RM30.6 million for the current financial period under review (2011: RM88.0 million), of which the continuing operations recorded a loss before taxation of RM32.5 million (2011: profit before taxation of RM30.3 million) and the discontinued operations recorded a profit before taxation of RM63.1 million (2011: RM57.7 million).

Under the conventional insurance business, the General Insurance Division recorded a loss before taxation of RM1.3 million wholly from the continuing operations (2011: profit before taxation of RM64.6 million with continuing operations: RM3.8 million and discontinued operations: RM60.8 million). Despite of an income from a waiver of debts of RM14.9 million recorded by the Labuan offshore insurance subsidiary company as provided under the general reinsurance treaties commutation agreement, the continuing operations' loss in the current financial period under review was due mainly to substantial net insurance benefits and claims of RM10.5 million and higher agents' commission expenses of RM3.5 million incurred by the insurance subsidiary company in Indonesia.

The Life Insurance Division registered a deficit before taxation of RM3.3 million (2011: surplus before taxation of RM115.0 million), of which the continuing operations recorded a deficit before taxation of RM0.1 million (2011: surplus before taxation of RM51.1 million) and the discontinued operations recorded a deficit before taxation of RM3.2 million (2011: surplus before taxation of RM63.9 million). The continuing operations' surplus in preceding financial period arose from a full release of the insurance contract liabilities of RM48.3 million recorded by the Labuan offshore insurance subsidiary company subsequent to the commutation of its life insurance treaties in 2011.

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Profit before taxation (continued)

Under the takaful business, the General Takaful Division recorded a higher surplus before taxation of RM6.4 million (2011: RM6.1 million) contributed by lower net takaful benefits and claims of RM9.2 million (2011: RM15.7 million). The Family Takaful Division recorded a higher surplus before taxation of RM48.0 million (2011: RM34.0 million) mainly contributed by higher gross earned contribution and fair value gain on investments.

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.

During the current financial period under review, the unit trust fund management recorded a lower profit before taxation of RM3.7 million (2011: RM4.6 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 RM28.2 million (2011: loss before taxation of RM31.6 million), of which the continuing operations recorded a loss before taxation of RM34.9 million (2011: RM28.5 million) and the discontinued operations recorded a profit before taxation of RM63.1 million (2011: loss before taxation of RM3.1 million). The profit in the current financial period was due mainly to a gain of RM50.7 million recognized upon the receipt of the same sum held back from the sale consideration of MAA after satisfaction of certain condition precedent as stipulated in the SPA and a gain of RM5.3 million arising from a subsequent upward adjustment to the sale consideration of MAA due to overstatement of Life fund liabilities in the draft completion accounts prepared by Zurich. However, this profit was affected by a provision of KWAP claims sum including interest totaling RM14.4 million as disclosed in note A11 (b) of this report.

B2. COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

During the current financial quarter under review, the Group registered a loss before taxation of RM8.5 million (preceding quarter 2012: profit before taxation of RM26.5 million), of which the continuing operations recorded a higher loss before taxation of RM40.3 million (preceding quarter 2012: RM4.4 million) whilst the discontinued operations recorded a higher profit before taxation of RM31.8 million (preceding quarter 2012: RM30.9 million). The continuing operation's higher loss in the current financial quarter was due mainly to substantial net insurance benefits and claims of RM10.5 million and higher agents' commission expenses of RM3.5 million incurred by the insurance subsidiary company in Indonesia and a provision of KWAP claims sum including interest totaling RM14.4 million.

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. As disclosed on B6(b) of this report, the Company has submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for a waiver from having to comply with Paragraph 8.04(2) of the Listing Requirements and a waiver from submitting a regularisation plan to Bursa Securities pursuant to Paragraph 8.04(3) of the Listing Requirements ("Application"). The Application is still being considered by Bursa Securities.

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

B3. PROSPECTS (continued)

The Group expects its performance for the current financial year to be affected by the operational losses suffered by the insurance subsidiary in Indonesia and provision made on the KWAP claim as disclosed in Note A11(b) of this report. A review is currently being undertaken on the Indonesian operations including claims reserving, and additional charges or loss may arise upon completion of the review.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. TAXATION

RM'000	3 months period ended		9 months period ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
CONTINUING OPERATIONS				
<u>Current tax</u>				
Current financial quarter/period	268	202	1,085	717
Under/(over) accrual in prior financial quarter/period	329	(23)	329	(110)
	597	179	1,414	607
<u>Deferred tax</u>				
Current financial quarter/period	139	(4)	174	85
	139	(4)	174	85
Tax expense	736	175	1,588	692
DISCONTINUED OPERATIONS				
<u>Current tax</u>				
Current financial quarter/period	-	9,949	168	25,424
Under accrual in prior financial quarter/period	-	1	-	11
	-	9,950	168	25,435
<u>Deferred tax</u>				
Current financial quarter/period	-	(1,423)	(15)	(2,224)
Over accrual in prior financial quarter/period	-	-	-	(11)
	-	(1,423)	(15)	(2,235)
Tax expense	-	8,527	153	23,200

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.

B6. STATUS OF CORPORATE PROPOSALS

- (a) On 30 September 2011, the Company announced the completion of the disposal of its 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”) to Zurich Insurance Company Ltd (“Zurich”) for a total cash consideration of RM344.0 million (“Disposal”).

Under the terms of the Conditional Sale and Purchase Agreement (“SPA”) with Zurich in relation to the 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.

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.

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.

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

On 16 July 2012, the Company received a letter dated 13 July 2012 from Zurich confirming an overstatement of RM5.3 million in the Life fund liabilities of MAA in the draft completion accounts.

On 27 July 2012, the Company received RM20.6 million from Zurich being the held back sum upon satisfaction of certain condition precedent in the SPA in relation to Mithril’s 3% 8-year redeemable convertible secured loan stocks (“RCSLS”).

On 2 November 2012, the Company announced that it has filed and served a notice of arbitration against Zurich with the Singapore International Arbitration Centre seeking, inter alia, declarations to refer disputes on the calculation of General Insurance Reserves and other disputes matter in the draft completion accounts prepared by Zurich to an Expert Accountant in accordance with terms of the SPA in order to determine the final selling price of the Disposed subsidiaries, as well as further declarations to be entitled to receive payment of escrow monies in accordance with the Escrow Agreement dated 28 September 2011 having satisfied the requirements under the SPA and the Side Letter dated 17 August 2011 in respect of the Prima Avenue Klang property, together with damages, interests and costs.

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

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 trigger 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.

The Company has on 28 September 2012 submitted an application to Bursa Malaysia Securities Berhad (“Bursa Securities”) for a waiver from having to comply with Paragraph 8.04(2) of the Listing Requirements and a waiver from submitting a regularisation plan to Bursa Securities pursuant to Paragraph 8.04(3) of the Listing Requirements (“Application”).

On 1 October 2012, the Company announced that Bursa Securities has vide its letter dated 1 October 2012 informed that the suspension on the trading of the Company’s securities and de-listing of the Company in accordance with Paragraph 8.04 of the Listing Requirements shall be deferred pending the decision on the Application.

On 1 November 2012, the Company announced that there is no material development to the Application. The Application is still being considered by Bursa Securities and an announcement in relation to the outcome will be released in due course.

- (c) On 28 June 2012, the Company announced that MAA Corp had completed the disposal of its 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.
- (d) On 16 August 2012, the Company announced that 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 completed the disposal of 69,791,613 ordinary shares in PT MAA Life Assurance (“PT MAAL”), representing 32.9% of the enlarged capital of PT MAAL for a final sale consideration of IDR14.65 billion) equivalent to approximately RM4.95 million) to Tokio Marine Holdings, Inc following adjustments in accordance with the sale and purchase agreement.

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

B6. STATUS OF CORPORATE PROPOSALS (continued)

(f) On 21 September 2012, the Company announced that its associated company, Columbus Capital Pty Ltd (“CCAU”) has on the same day entered into a conditional sale and purchase agreement with Australia and New Zealand Banking Group Limited (“ANZ”) to acquire ANZ’s wholesale mortgage distribution business, Origin Mortgage Management Services which manages a portfolio of approximately AUD 2.2 billion in residential mortgages.

The acquisition will be part financed by funds raised from issuance of Preference Shares B by Columbus Capital Pte Ltd (“CCS”), the wholly-owned subsidiary of MAA International Investment Ltd (“MAAII”) and Consortia Group Holdings Pty Limited (“Consortia”).

A Share Subscription Deed to subscribe 2.0 million Preference Shares B at AUD1.00 per share, representing 4.68% of the enlarged equity interest in CCAU, for a total cash consideration of AUD2.0 million or RM6.7 million equivalent (based on the prevailing exchange rate of AUD1.00: RM3.35) was executed by CCS on 11 September 2012. Consortia will in turn subscribe 1.25 million Preference Share B at an issue price of AUD1.00 per share which represents 2.92% of the enlarged equity interest in CCAU. The proposed subscription will increase CCS’ equity interest in CCAU from 46.84% to 47.95% whilst correspondingly decrease Consortia’s overall interest from 53.16% to 52.05%.

On 28 September 2012, the Company announced that the acquisition of ANZ’s wholesale mortgage distribution business, Origin Mortgage Management Services 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 24 November 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 30.09.2012	As at 31.12.2011
		(Audited)
<u>Short term</u>		
Bank overdraft (unsecured)	4,874	9,232

B8. MATERIAL LITIGATION

There were no material litigations as at 24 November 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) save for the litigations involving MAM as disclosed in Note A11(b) and arbitration proceedings commenced by the Company against Zurich as disclosed in Note B6(a) in this report.

NOTES TO THE REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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		9 months period ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter /period (RM'000)				
- Continuing operations	(30,814)	33,218	(25,411)	29,221
- Discontinued operations	31,796	2,446	62,993	34,467
	982	35,664	37,582	63,688
Weighted average number of ordinary shares in issue ('000)	304,354	304,354	304,354	304,354
Basic earnings/(loss) per share (sen)				
- Continuing operations	(10.12)	10.91	(8.35)	9.60
- Discontinued operations	10.45	0.80	20.70	11.32
	0.33	10.71	12.35	20.92

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

B12. PROFIT/(LOSS) FOR THE QUARTER AND PERIOD

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

RM'000	3 months period ended		9 months period ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
<u>CONTINUING OPERATIONS</u>				
Interest income	4,847	3,221	13,206	10,599
Dividend income	1,035	807	2,643	2,216
Rental income	9	22	55	96
Accretion of discounts	18	635	143	1,068
Gain/(loss) on disposal of investments	4,854	(252)	11,032	7,946
Loss on disposal of investment properties	-	(319)	-	(319)
(Loss)/gain on disposal of property, plant and equipment	(19)	(11)	(10)	37
Net fair value gain /(loss) on investments	1,209	(13,746)	4,489	(14,012)
Write back of impairment loss on property, plant and equipment	-	-	673	-
Net foreign exchange loss	(221)	(280)	(189)	(186)
Allowance for impairment loss on loans from leasing, hire purchase and other - net	(1,313)	(789)	(1,265)	(938)
Allowance for impairment loss on insurance receivables	(1,563)	(1,196)	(2,419)	(1,658)
Write back of /(allowance for) impairment loss on trade and other receivables	12	(7)	21	(12)
Depreciation of property, plant and equipment	(740)	(1,675)	(1,826)	(2,394)
Amortisation of intangible assets	(476)	(518)	(1,387)	(1,403)
<u>DISCONTINUED OPERATIONS</u>				
Interest income	(48)	61,944	563	172,759
Dividend income	-	8,393	-	27,005
Rental income	-	2,896	-	9,416
Accretion of discounts	-	8,233	-	28,537
(Loss)/gain on disposal of investments	(218)	(558)	(218)	22,647
Gain on disposal of investment properties	-	344	-	1,652
Gain/(loss) on disposal of property, plant and equipment	-	20	65	(58)
Gain on disposal of subsidiary companies	31,248	-	62,120	-
Net fair value gain/(loss) on investments	417	(123,527)	(943)	(65,143)
Write back of /(allowance for) impairment loss on available-for-sale investments	386	-	386	(265)
Net foreign exchange gain/(loss)	-	12	21	(6)
Write back of impairment loss on loans from leasing, hire purchase and other - net	-	3,798	-	12,450
Write back of impairment loss on insurance receivables	-	1,337	-	2,504
(Allowance for) /write back of impairment loss on trade and other receivables	-	(2)	(154)	192
Depreciation of property, plant and equipment	-	(2,208)	(397)	(8,907)
Amortisation of intangible assets	-	(218)	-	(1,378)

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:

RM'000	As at 30.09.2012	As at 31.12.2011
Total retained earnings of the Group:		
- Realised	156,244	107,497
- Unrealised	1,782	5,577
	158,026	113,074
Total share of accumulated losses from associated companies		
- Realised	(8,156)	(5,644)
- Unrealised	5,800	4,616
	(2,356)	(1,028)
	155,670	112,046
Less: Consolidation adjustments	(9,047)	(3,005)
Total Group retained earnings as per statement of financial position	146,623	109,041

By Order of the Board

Lily Yin Kam May
Yeo Took Keat
Company Secretaries

KUALA LUMPUR
DATE: 30 NOVEMBER 2012