

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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, except:

- (i) 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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- (ii) During the course of the internal audit review work carried out by the Company in PT MAA General Assurance (“PTMAAG”), the insurance subsidiary company of the Group in Indonesia, it was reported that certain transactions including provision and claims reserve were incorrectly recorded in prior years. The Group has accounted for these transactions as prior year adjustments. Kindly refer to note B14 of this report for further details.

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A1. BASIS OF PREPARATION** (continued)

- (iii) Following the convergence with MFRS Framework, Qard, being a loan extended by the Shareholder's fund of MAA Takaful Berhad, the takaful subsidiary company of the Group, ceases to be recognised as an asset in the financial statements of the Group and the company. This is a change to the accounting policy and consequently, the Group accounted for this change as prior year adjustment.

The consolidated financial statements for financial year ended 31 December 2011 and prior years of the Group have been restated to correct (ii) and (iii) stated above. The effects of the restatements on the consolidated financial statements are summarized below:

	Financial year ended 31 December 2011 RM'000	Prior years RM'000
1. Under provision of reinstatement premiums	(10,107)	(6,493)
2. Agents' commission paid but not charged out as commission expense	(1,248)	(831)
3. Claims paid but not charged out as claim expenses	(894)	1,321
4. Overprovision for claim reserves	2,292	398
5. Claim expenses recognised in incorrect financial period	(9,401)	(5,458)
6. Derecognition of Qard - net of tax	5,858	(12,483)
	<u>(13,500)</u>	<u>(23,546)</u>

The following tables disclose the restatement and reclassification effects to each of the line items in the Group's condensed consolidated income statements for financial year ended 31 December 2011 and condensed consolidated statement of financial positions as at 31 December 2011:

**Condensed Consolidated Income Statements**

	<u>As previously stated</u> RM'000	<u>Reclassification *</u> RM'000	<u>Effects of the adjustments (ii) and (iii)</u> RM'000	<u>As restated</u> RM'000
<b><u>Continuing operations</u></b>				
Gross earned premiums/contributions	378,230	(15,867)	-	362,363
Premiums/contributions ceded to reinsurers	(142,123)	1,178	(10,107)	(151,052)
Investment income	20,074	(603)	-	19,471
Realised gains and losses	12,273	(1,694)	-	10,579
Fair value gains and losses	(17,745)	(105)	-	(17,850)
Fee and commission income	32,671	(353)	-	32,318
Other operating revenue from non-insurance businesses	62,257	(18,760)	-	43,497
Gross benefit and claims paid	(149,462)	17,735	(10,295)	(142,022)

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A1. BASIS OF PREPARATION** (continued)

**Condensed Consolidated Income Statements** (continued)

	<u>As previously stated</u>	<u>Reclassification *</u>	<u>Effects of the adjustments (ii) and (iii)</u>	<u>As restated</u>
	RM'000	RM'000	RM'000	RM'000
Gross change to contract liabilities	28,190	(3,197)	2,292	27,285
Fee and commission expenses	(86,855)	2,027	(1,248)	(86,076)
Management expenses	(117,012)	27,175	-	(89,837)
Other operating income/(expenses)-net	(14,680)	(637)	-	(15,317)
Finance cost	(14,468)	40	-	(14,428)
Taxation of life insurance, general takaful and family takaful businesses	(1,884)	(196)	-	(2,080)
Surplus/(deficit) before taxation/Profit/(loss) before taxation	76,028	6,743	(19,358)	63,413
Surplus retained in life insurance, general takaful and family takaful businesses	(63,046)	-	7,811	(55,235)
Profit before taxation	12,982	6,743	(11,547)	8,178
Taxation	(4,992)	489	(1,953)	(6,456)
Profit from continuing operations	7,802	7,232	(13,500)	1,534
<b><u>Discontinuing operations</u></b>				
Profit before taxation	141,876	(6,743)	-	135,133
Taxation	(22,935)	(489)	-	(23,424)
Profit from discontinued operations	118,941	(7,232)	-	111,709
Profit for the financial year	126,743	-	(13,500)	113,243
Profit from the financial year attributable to:				
Owners of the company	125,769	-	(11,674)	114,095
Non-controlling interest	974	-	(1,826)	(852)
	126,743	-	(13,500)	113,243

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A1. BASIS OF PREPARATION** (continued)

**Condensed Consolidated Income Statements** (continued)

	<u>As previously stated</u>	<u>Reclassification *</u>	<u>Effects of the adjustments (ii) and (iii)</u>	<u>As restated</u>
	RM'000	RM'000	RM'000	RM'000
Basic earnings per ordinary share (sen):				
- Continuing operations	2.24	2.38	(3.84)	0.78
- Discontinued operations	39.08	(2.38)	-	36.70
	<u>41.32</u>	<u>-</u>	<u>(3.84)</u>	<u>37.48</u>

\*Certain comparatives were reclassified to conform to the current financial year's presentation of financial statements.

**Condensed Consolidated Statement of Financial Position**

	<u>As previously stated</u>	<u>Effects of the adjustments (ii) and (iii)</u>	<u>As restated</u>
	RM'000	RM'000	RM'000
<b>Assets</b>			
Insurance receivables	84,130	(2,972)	81,158
Trade and other receivables	218,666	(8,833)	209,833
<b>Liabilities</b>			
Insurance contract liabilities	495,922	3,337	499,259
Insurance payables	79,463	15,279	94,742
Trade and other payables	81,921	8,833	90,754
Deferred tax liabilities	5,155	(2,208)	2,947
<b>Equity</b>			
Retained earnings	109,041	(30,218)	78,823
Minority interest	35,527	(6,828)	28,699

**A2. SEASONAL OR CYCLICAL FACTORS**

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

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

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

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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**A4. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in the current financial quarter and year'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 year under review.

**A6. DIVIDEND PAID**

There was no dividend paid during the current financial quarter and year 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 FINANCIAL YEAR ENDED 31 DECEMBER 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		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	
<b>3 months period ended</b>															
<b>31 December 2012</b>															
External revenue	57	-	16,427	-	354	-	50,693	56,537	1,024	10,706	3,044	-	138,842	-	138,842
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	57	-	16,427	-	354	-	50,693	56,537	1,024	10,706	3,044	-	138,842	-	138,842
Profit/(loss) by segments	(17)	-	(8,686)	-	(455)	-	2,856	19,934	(2,202)	2,287	(8,758)	11,980	16,939	617	17,556
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(111)	-	-	-	-	-	3,922	(10,104)	-	-	-	-	(6,293)	-	(6,293)
	(128)	-	(8,686)	-	(455)	-	6,778	9,830	(2,202)	2,287	(8,758)	11,980	10,646	617	11,263
Share of profit of associated companies not included in reportable segments													1,043	-	1,043
Profit before taxation (*)													11,689	617	12,306

(\*) consist of profit before taxation from:

	RM'000
- Continuing	9,616
- Discontinued	2,690
	<u>12,306</u>

**MAA GROUP BERHAD (471403-A)**

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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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
<b>12 months period ended</b>															
<b>31 December 2012</b>															
External revenue	248	4,008	69,649	-	1,190	-	155,800	218,316	3,748	39,015	9,637	11,294	512,905	-	512,905
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	248	4,008	69,649	-	1,190	-	155,800	218,316	3,748	39,015	9,637	11,294	512,905	-	512,905
Profit/(loss) by segments	(128)	(3,170)	(10,002)	-	(2,667)	-	6,778	66,452	50	5,958	9,803	21,357	94,431	2,271	96,702
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	-	3,170	-	-	-	-	-	(56,622)	-	-	-	-	(53,452)	-	(53,452)
	(128)	-	(10,002)	-	(2,667)	-	6,778	9,830	50	5,958	9,803	21,357	40,979	2,271	43,250
Share of loss of associated companies not included in reportable segments													(285)	-	(285)
Profit before taxation (*)													40,694	2,271	42,965

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

	RM'000
- Continuing	(22,871)
- Discontinued	65,836
	<u>42,965</u>

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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**
**A7. SEGMENTAL INFORMATION (continued)**

	Insurance						General takaful fund	Family takaful fund	Takaful Share- holders' fund	Unit trust fund mana- gement	All other segments		Total	Inter- segment elimination	Group total		
	Life insurance		General insurance		Shareholders' fund						Conti- nuing	Disconti- nued				Conti- nuing	Disconti- nued
	Conti- nuing	Disconti- nued	Conti- nuing	Disconti- nued	Conti- nuing	Disconti- nued											
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>3 months period ended</b>																	
<b>31 December 2011</b>																	
External revenue	13	1,821	14,646	-	431	1	38,013	47,500	887	8,291	1,837	5,927	119,367	-	119,367		
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	384	-	384	(384)	-		
Total operating revenue	13	1,821	14,646	-	431	1	38,013	47,500	887	8,291	2,221	5,927	119,751	(384)	119,367		
Profit/(loss) by segments	4,445	(6,834)	(22,183)	-	(5,738)	(1,071)	(23)	28,042	(209)	2,055	(7,990)	77,949	68,443	6,109	74,552		
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(4,746)	-	-	-	-	-	6,139	(19,947)	-	-	-	-	(18,554)	-	(18,554)		
	(301)	(6,834)	(22,183)	-	(5,738)	(1,071)	6,116	8,095	(209)	2,055	(7,990)	77,949	49,889	6,109	55,998		
Share of loss of associated companies not included in reportable segments													(702)	-	(702)		
Profit before taxation (*)													49,187	6,109	55,296		

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

	RM'000
- Continuing	(22,170)
- Discontinued	77,466
	<u>55,296</u>



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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A7. SEGMENTAL INFORMATION (continued)**

	Insurance						General takaful fund	Family takaful fund	Takaful Share- holders' fund	Unit trust fund mana- gement	All other segments		Total	Inter- segment elimination	Group total		
	Life insurance		General insurance		Shareholders' fund						Conti- nuing	Disconti- nued				Conti- nuing	Disconti- nued
	Conti- nuing	Disconti- nued	Conti- nuing	Disconti- nued	Conti- nuing	Disconti- nued											
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>12 months period ended</b>																	
<b>31 December 2011 (Restated)</b>																	
External revenue	2,194	908,455	74,817	365,343	770	7,300	126,879	170,343	4,252	40,086	5,990	20,165	1,726,594	-	1,726,594		
Inter-segment revenue	-	3,167	-	259	-	-	-	-	-	-	1,881	13,169	18,476	(18,476)	-		
Total operating revenue	2,194	911,622	74,817	365,602	770	7,300	126,879	170,343	4,252	40,086	7,871	33,334	1,745,070	(18,476)	1,726,594		
Profit/(loss) by segments	51,215	73,925	(18,583)	55,444	(7,463)	4,681	6,116	61,877	1,111	6,644	(40,346)	79,722	274,343	6,606	280,949		
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(1,453)	(80,759)	-	-	-	-	-	(53,782)	-	-	-	-	(135,994)	(1,294)	(137,288)		
	49,762	(6,834)	(18,583)	55,444	(7,463)	4,681	6,116	8,095	1,111	6,644	(40,346)	79,722	138,349	5,312	143,661		
Share of loss of associated companies not included in reportable segments													(350)	-	(350)		
Profit before taxation (*)													137,999	5,312	143,311		

(\*) consist of profit before taxation from:

	RM'000
- Continuing	8,178
- Discontinued	135,133
	<u>143,311</u>

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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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 were revalued in the previous financial year by independent professional valuers and were assessed during the current financial year for purposes of impairment. The effects of that assessment, if any, have been recorded in the income statement.

**A9. MATERIAL SUBSEQUENT EVENTS**

There were no material subsequent events from the end of the current financial year 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.
- (d) On 2 October 2012, Keris Murni Sdn Bhd and Pusat Tiusyen Kasturi Sdn Bhd became 70% owned subsidiary companies of the Group as stated in note B6(f) of this report.
- (e) On 26 November 2012, Nilam Timur Sdn Bhd become a 100% owned subsidiary company of the Group as stated in note B6(g) of this report.
- (f) On 5 December 2012, the Group disposed its 11% equity interest in a subsidiary company, Meridian Asset Management Holdings Sdn Bhd and 100% of the redeemable preference shares held as stated in note B6(h) of this report. Upon completion of the disposal, Meridian Asset Management Holdings Sdn Bhd ceased to be a subsidiary company and became an associated company of the Group.

**A11. CONTINGENCIES**

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>31.12.2012</b>	<b>31.12.2011</b>
Performance bonds and guarantees	21,611	19,077

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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**A12. CAPITAL COMMITMENTS**

The Group's capital commitments not provided for in these interim consolidated financial statements as at 31 December 2012 is as follows:

<b>RM'000</b>	<b>Approved and contracted for</b>
Property, plant and equipments	1,948

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**MAA GROUP BERHAD (471403-A)**  
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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A13. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY INSURANCE FUNDS AS AT 31 DECEMBER 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	23,278	341	-	-	-	23,619
Investment properties	11,632	-	-	-	-	11,632
Intangible assets	7,829	-	-	-	-	7,829
Investments	123,623	3,401	11,011	61,775	272,147	471,957
Financial assets at fair value through profit of loss	19,448	20	11,011	-	171,341	201,820
Available-for-sale financial assets	94,321	-	-	61,775	58,555	214,651
Loans and receivables	9,854	3,381	-	-	42,251	55,486
Associated companies	56,693	-	-	-	-	56,693
Reinsurance assets	-	67,660	-	132,219	19,299	219,178
Insurance receivables	-	14,017	-	21,942	24,918	60,877
Trade and other receivables	253,304	1,061	92	1,185	3,962	259,604
Tax recoverable	3,366	-	-	-	-	3,366
Cash and cash equivalents	73,419	854	1,773	10,077	55,596	141,719
Assets classified as held for sale	1,015	-	-	-	-	1,015
<b>Total assets</b>	<b>554,159</b>	<b>87,334</b>	<b>12,876</b>	<b>227,198</b>	<b>375,922</b>	<b>1,257,489</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
Insurance contract liabilities	-	117,839	-	173,137	315,242	606,218
Investment contract liabilities	-	-	11,289	-	-	11,289
Borrowings						
- Bank overdraft (unsecured)	4,335	-	-	-	-	4,335
Insurance payables	-	33,556	-	36,388	24,846	94,790
Trade and other payables	52,106	1,493	151	12,784	6,544	73,078
Current tax liabilities	2,144	113	-	2,388	1,531	6,176
Deferred tax liabilities	3,572	-	-	627	1,505	5,704
<b>Total liabilities</b>	<b>62,157</b>	<b>153,001</b>	<b>11,440</b>	<b>225,324</b>	<b>349,668</b>	<b>801,590</b>
<b>Equity, policyholders' funds and liabilities</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	123,111	-	-	-	-	123,111
Reserves	1,004	-	-	-	-	1,004
<b>Total equity attributable to the owners of the Company</b>	<b>428,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428,469</b>
Non-controlling interest	27,430	-	-	-	-	27,430
<b>Total equity</b>	<b>455,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455,899</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>518,056</b>	<b>153,001</b>	<b>11,440</b>	<b>225,324</b>	<b>349,668</b>	<b>1,257,489</b>
<b>Inter-fund balances</b>	<b>36,103</b>	<b>(65,667)</b>	<b>1,436</b>	<b>1,874</b>	<b>26,254</b>	<b>-</b>

**MAA GROUP BERHAD (471403-A)**  
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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A13. AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY INSURANCE FUNDS AS AT 31 DECEMBER 2011 (RESTATED)**

	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	-	17,636	766	43,996	18,760	81,158
Trade and other receivables	203,166	1,209	3,542	423	1,493	209,833
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>503,760</b>	<b>70,509</b>	<b>51,356</b>	<b>214,438</b>	<b>289,305</b>	<b>1,129,368</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
Insurance contract liabilities	-	81,436	31,212	140,062	246,549	499,259
Investment contract liabilities	-	-	17,756	-	-	17,756
Borrowings						
- Bank overdraft (unsecured)	9,232	-	-	-	-	9,232
Insurance payables	-	23,137	149	51,935	19,521	94,742
Trade and other payables	49,786	16,517	5,381	16,151	2,919	90,754
Current tax liabilities	1,344	92	35	698	1,249	3,418
Deferred tax liabilities	1,366	-	-	568	1,013	2,947
<b>Total liabilities</b>	<b>61,728</b>	<b>121,182</b>	<b>54,533</b>	<b>209,414</b>	<b>271,251</b>	<b>718,108</b>
<b>Equity</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	78,823	-	-	-	-	78,823
Reserves	(616)	-	-	-	-	(616)
<b>Total equity attributable to the owners of the Company</b>	<b>382,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>382,561</b>
Non-controlling interest	28,699	-	-	-	-	28,699
<b>Total equity</b>	<b>411,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411,260</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>472,988</b>	<b>121,182</b>	<b>54,533</b>	<b>209,414</b>	<b>271,251</b>	<b>1,129,368</b>
<b>Inter-fund balances</b>	<b>30,772</b>	<b>(50,673)</b>	<b>(3,177)</b>	<b>5,024</b>	<b>18,054</b>	<b>-</b>

**MAA GROUP BERHAD (471403-A)**  
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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

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

	31 December 2012 RM'000	31 December 2011 RM'000
Property, plant and equipment	<u>1,015</u>	<u>1,589</u>

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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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>	53,590	69,649	248	155,800	218,316	-	497,603
Gross earned premiums/contributions	-	69,252	-	152,907	209,099	-	431,258
Premiums/contributions ceded to reinsurers	-	(47,269)	-	(121,522)	(18,709)	-	(187,500)
<b>Net earned premiums/contributions</b>	-	21,983	-	31,385	190,390	-	243,758
Investment income	9,681	397	248	2,893	9,217	-	22,436
Realised gains and losses	6,157	(6)	83	565	8,345	-	15,144
Fair value gains and losses	9,164	-	(2,899)	-	5,930	-	12,195
Fee and commission income	-	6,035	-	31,330	-	-	37,365
Other operating revenue from non-insurance businesses	43,909	-	-	-	-	-	43,909
Wakalah fee from takaful business	113,351	-	-	-	-	(113,351)	-
<b>Other revenue</b>	182,262	6,426	(2,568)	34,788	23,492	(113,351)	131,049
Gross benefits and claims paid	-	(30,608)	-	(48,810)	(74,475)	-	(153,893)
Claims ceded to reinsurers	-	24,566	-	32,808	9,349	-	66,723
Gross change to contract liabilities	-	(63,743)	3,283	(15,348)	-	-	(75,808)
Change in contract liabilities ceded to reinsurers	-	43,503	-	18,601	-	-	62,104
<b>Net insurance/takaful benefits and claims</b>	-	(26,282)	3,283	(12,749)	(65,126)	-	(100,874)
Fee and commission expense	(80,292)	(15,330)	(40)	-	-	-	(95,662)
Management expenses	(108,501)	(10,747)	(1,050)	(3)	-	-	(120,301)
Other operating income/(expenses) - net	(22,113)	13,948	247	-	(10,296)	-	(18,214)
Wakalah fee payable to Shareholders' fund	-	-	-	(43,316)	(70,035)	113,351	-
Finance cost	(420)	-	-	-	-	-	(420)
<b>Other expenses</b>	(211,326)	(12,129)	(843)	(43,319)	(80,331)	113,351	(234,597)
Share of loss of associate companies, net of tax	(285)	-	-	-	-	-	(285)
	(29,349)	(10,002)	(128)	10,105	68,425	-	39,051
Taxation of general takaful and family takaful businesses	-	-	-	(3,327)	(1,973)	-	(5,300)
<b>Surplus/(deficit) after taxation/Profit/(loss) before taxation</b>	(29,349)	(10,002)	(128)	6,778	66,452	-	33,751
Surplus retained in family takaful businesses	-	-	-	-	(56,622)	-	(56,622)
<b>Profit/(loss) before taxation</b>	(29,349)	(10,002)	(128)	6,778	9,830	-	(22,871)
Taxation	(5,655)	-	-	-	-	-	(5,655)
Zakat	(232)	-	-	-	-	-	(232)
<b>Profit/(loss) for the financial year</b>	(35,236)	(10,002)	(128)	6,778	9,830	-	(28,758)

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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A15. AUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (RESTATED)**

**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>	51,098	74,817	2,194	126,879	170,343	-	425,331
Gross earned premiums/contributions	-	74,135	6	124,471	163,751	-	362,363
Premiums/contributions ceded to reinsurers	-	(45,620)	-	(92,505)	(12,927)	-	(151,052)
<b>Net earned premiums/contributions</b>	-	28,515	6	31,966	150,824	-	211,311
Investment income	7,601	682	2,188	2,408	6,592	-	19,471
Realised gains and losses	2,728	(29)	2,197	50	5,633	-	10,579
Fair value gains and losses	(14,911)	(11)	(4,358)	-	1,430	-	(17,850)
Fee and commission income	-	6,841	-	23,539	1,938	-	32,318
Other operating revenue from non-insurance businesses	43,497	-	-	-	-	-	43,497
Wakalah fee from takaful business	90,713	-	-	-	-	(90,713)	-
<b>Other revenue</b>	129,628	7,483	27	25,997	15,593	(90,713)	88,015
Gross benefits and claims paid	-	(54,743)	(3,409)	(32,508)	(51,362)	-	(142,022)
Claims ceded to reinsurers	-	31,956	3,515	17,938	13,418	-	66,827
Gross change to contract liabilities	-	6,281	52,046	(31,042)	-	-	27,285
Change in contract liabilities ceded to reinsurers	-	(8,210)	-	28,295	-	-	20,085
<b>Net insurance/takaful benefits and claims</b>	-	(24,716)	52,152	(17,317)	(37,944)	-	(27,825)
Fee and commission expense	(67,347)	(18,682)	(47)	-	-	-	(86,076)
Management expenses	(76,995)	(11,217)	(1,457)	(168)	-	-	(89,837)
Other operating income/(expenses) - net	(7,720)	34	534	-	(8,165)	-	(15,317)
Wakalah fee payable to Shareholders' fund	-	-	-	(33,663)	(57,050)	90,713	-
Finance cost	(14,428)	-	-	-	-	-	(14,428)
<b>Other expenses</b>	(166,490)	(29,865)	(970)	(33,831)	(65,215)	90,713	(205,658)
Share of loss of associate companies, net of tax	(350)	-	-	-	-	-	(350)
	(37,212)	(18,583)	51,215	6,815	63,258	-	65,493
Taxation of general takaful and family takaful businesses	-	-	-	(699)	(1,381)	-	(2,080)
<b>Surplus/(deficit) after taxation/Profit/(loss) before taxation</b>	(37,212)	(18,583)	51,215	6,116	61,877	-	63,413
Surplus retained in life insurance, general takaful and family takaful businesses	-	-	(1,453)	-	(53,782)	-	(55,235)
<b>Profit/(loss) before taxation</b>	(37,212)	(18,583)	49,762	6,116	8,095	-	8,178
Taxation	(6,115)	(341)	-	-	-	-	(6,456)
Zakat	(188)	-	-	-	-	-	(188)
<b>Profit/(loss) for the financial year</b>	(43,515)	(18,924)	49,762	6,116	8,095	-	1,534



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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A15. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**Discontinued Operations**

	Shareholders ' fund	Life fund	Total
	RM'000	RM'000	RM'000
<b>Operating revenue</b>	11,294	4,008	15,302
Gross earned premiums	-	3,453	3,453
Premiums ceded to reinsurers	-	(258)	(258)
<b>Net earned premiums</b>	-	3,195	3,195
Investment income	8	555	563
Realised gains and losses	65,401	(182)	65,219
Fair value gains and losses	-	(942)	(942)
Fee and commission income	-	135	135
Other operating revenue from non-insurance businesses	11,286	-	11,286
<b>Other revenue</b>	76,695	(434)	76,261
Gross benefits and claims paid	-	(3,749)	(3,749)
Gross change to contract liabilities	-	1,587	1,587
<b>Net insurance benefits and claims</b>	-	(2,162)	(2,162)
Fee and commission expense	-	(450)	(450)
Management expenses	(10,944)	(3,373)	(14,317)
Other operating income– net	105	54	159
Finance cost	(20)	-	(20)
<b>Other expenses</b>	(10,859)	(3,769)	(14,628)
<b>Profit /(deficit) before taxation</b>	65,836	(3,170)	62,666
Taxation of life insurance business	-	-	-
<b>Profit before taxation/ Deficit after taxation</b>	65,836	(3,170)	62,666
Deficit retained in life insurance business	-	3,170	3,170
<b>Profit before taxation</b>	65,836	-	65,836
Taxation	(153)	-	(153)
<b>Profit for the financial year</b>	65,683	-	65,683

**MAA GROUP BERHAD (471403-A)**  
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**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A15. AUDITED CONDENSED CONSOLIDATED INCOME STATEMENT BY INSURANCE FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (RESTATED)**

**Discontinued Operations**

	Shareholders ' fund	General fund	Life fund	Total
	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	27,465	365,343	908,455	1,301,263
Gross earned premiums	-	346,873	697,184	1,044,057
Premiums ceded to reinsurers	-	(38,351)	(15,071)	(53,422)
<b>Net earned premiums</b>	-	308,522	682,113	990,635
Investment income	7,371	18,470	211,271	237,112
Realised gains and losses	83,420	2,867	21,881	108,168
Fair value gains and losses	222	4,093	(56,372)	(52,057)
Fee and commission income	-	15,001	9,013	24,014
Other operating revenue from non-insurance businesses	20,094	-	-	20,094
<b>Other revenue</b>	111,107	40,431	185,793	337,331
Gross benefits and claims paid	-	(215,776)	(942,769)	(1,158,545)
Claims ceded to reinsurers	-	82,277	8,351	90,628
Gross change to contract liabilities	-	(42,388)	235,715	193,327
Change in contract liabilities ceded to reinsurers	-	(6,563)	688	(5,875)
<b>Net insurance benefits and claims</b>	-	(182,450)	(698,015)	(880,465)
Fee and commission expense	-	(52,623)	(72,098)	(124,721)
Management expenses	(29,898)	(55,456)	(73,995)	(159,349)
Other operating income - net	44	2,332	37,014	39,390
Finance cost	(42)	-	-	(42)
<b>Other expenses</b>	(29,896)	(105,747)	(109,079)	(244,722)
<b>Surplus/surplus before taxation</b>	81,211	60,756	60,812	202,779
Taxation of life insurance business	-	-	14,407	14,407
<b>Profit before taxation/surplus after taxation</b>	81,211	60,756	75,219	217,186
Surplus retained in life insurance business	-	-	(82,053)	(82,053)
<b>Profit/(loss) before taxation</b>	81,211	60,756	(6,834)	135,133
Taxation	(3,853)	(19,571)	-	(23,424)
<b>Profit/(loss) for the financial year</b>	77,358	41,185	(6,834)	111,709

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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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 current financial year 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, whereas the discontinued operations for the preceding financial year represent MAA and other identified subsidiaries. However, in order to conform to the current financial year's presentation of financial statements, the preceding financial year's results of both the overseas life insurance subsidiary company and local non-insurance subsidiary company have been reclassified from continuing operations to discontinued operations for comparative purposes.

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

Operating revenue

For the current financial quarter ended 31 December 2012(4Q-2012), the Group recorded an increase of 16.3% in total operating revenue to RM138.8 million, wholly from the continuing operations as compared to the previous financial year's corresponding quarter (4Q-2011) of RM119.3 million, of which the continuing operations recorded RM111.6 million and the discontinued operations recorded RM7.7 million.

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM16.4 million (4Q-2011: RM14.5 million) wholly from the continuing operations. The Life Insurance Division recorded nil gross earned premium (4Q-2011: RM2.4 million), wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 33.8% increase in total gross earned contribution to RM49.9 million (4Q-2011: RM37.3 million), mainly growth from motor and personal accident classes of business, whilst the Family Takaful Division registered a 18.5% increase in total gross earned contribution to RM53.9 million (4Q-2011: RM45.5 million), mainly growth from single premium investment-linked products.

The unit trust fund management recorded a 28.9% increase in operating revenue to RM10.7 million (4Q-2011: RM8.3 million) mainly due to the increase in initial service and management fee income to RM10.3 million (4Q-2011: RM8.0 million).

The Shareholders' fund (excluding the unit trust fund management) recorded a total operating revenue of RM4.4 million wholly from continuing operations (4Q-2011: RM9.0 million with the continuing operations: RM3.1 million and discontinued operations : RM5.9 million).

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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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 RM12.3 million for 4Q-2012 (4Q-2011: profit before taxation of RM55.3 million), of which the continuing operations recorded a profit before taxation of RM9.0 million (4Q-2011: loss before taxation of RM22.2 million) and the discontinued operations recorded a profit before taxation of RM2.7 million (4Q-2011: RM77.5 million).

Under the conventional insurance business, the General Insurance Division recorded a lower loss before taxation of RM8.7 million (4Q-2011: RM22.4 million) wholly from the continuing operations. The higher loss in 4Q-2011 was due mainly to prior year adjustments made totaling RM19.6 million as disclosed in note A1(ii) of this report.

The Life Insurance Division registered a lower loss before taxation of RM0.1 million wholly from the continuing operations (4Q-2011: RM7.5 million with continuing operations: loss before taxation of RM0.7 million and discontinued operations: loss before taxation of RM6.8 million). The discontinued operations' loss in 4Q-2011 was wholly from the disposed Indonesia subsidiary company as disclosed in note B6(d) of this report.

Under the takaful business, the General Takaful Division recorded a higher profit before taxation of RM6.8 million (4Q-2011: RM6.1 million) due mainly to increase in gross earned contribution to RM49.9 million (4Q-2011: RM37.3 million) and improvement in net claim ratio to 38.4% (4Q-2011: 43.4%). The Family Takaful Division recorded a higher profit before taxation of RM9.8 million (4Q-2011: RM8.1 million) due mainly to increase in gross earned contribution to RM53.9 million (4Q-2011: RM45.5 million).

The unit trust fund management recorded a marginal increase in profit before taxation from RM2.1 million in 4Q-2011 to RM2.3 million.

The Shareholders' Fund (excluding the unit trust fund management) recorded a lower profit before taxation of RM2.3 million (4Q-2011: RM68.9 million), of which the continuing operations recorded a lower loss before taxation of RM0.4 million (4Q-2011: RM15.4 million) and the discontinued operations recorded a lower profit before taxation of RM2.7 million (4Q-2011: profit before taxation of RM84.3 million). The continuing operations' lower loss in Q4-2012 was mainly due to write back of impairment loss on loans from hire purchase, leasing and others of RM6.8 million (4Q-2011: allowance for impairment loss on loans from hire purchase, leasing and others of RM7.8 million) recorded by a hire purchase and leasing subsidiary company. The discontinued operations' higher profit in 4Q-2011 was due mainly to due to a gain of RM85.6 million (net of selling expenses) recorded for the sale of the Disposed Subsidiaries arising from a subsequent upward adjustment of RM86.0 million to the sale consideration of RM344.0 million as explained in note B6(a) of this report.

**Current financial year against preceding financial year**

Operating revenue

For financial year ended 31 December 2012, the Group's total operating revenue decreased by 70.3% to RM512.9 million (2011: RM1,726.6 million), of which the continuing operations recorded an increase of 17.0% to RM497.6 million (2011: RM425.3 million) and the discontinued operations recorded a decrease of 98.8% to RM15.3 million (2011: RM1,301.3 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM69.3 million wholly from the continuing operations (2011: RM421.0 million with continuing operations: RM74.1 million and discontinued operations: RM346.9 million). The Life Insurance Division recorded a total gross earned premium of RM3.5 million (2011: RM697.2 million), wholly from the discontinued operations.

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

**Current financial year against preceding financial year** (continued)

Operating revenue (continued)

Under the takaful business, the General Takaful Division recorded a 22.8% increase in total gross earned contribution to RM152.9 million (2011: RM124.5 million) mainly growth from motor and personal accident classes of businesses, whilst the Family Takaful Division registered a 27.7% increase in total gross earned contribution to RM209.1 million (2011: RM163.8 million) mainly growth from single premium investment-linked products.

The unit trust fund management recorded a 2.7% decrease in operating revenue to RM39.0 million (2011: RM40.1 million) mainly due to lower initial service and management fee income of RM38.0 million (2011: RM39.1 million).

The Shareholders' fund (excluding the unit trust fund management) recorded a 32.7% decrease in total operating revenue to RM25.9 million (2011: RM38.5 million), of which the continuing operations recorded an increase of 32.7% to RM14.6 million (2011: RM11.0 million) and the discontinued operations recorded a decrease of 58.9% to RM11.3 million (2011: RM27.5 million).

Profit before taxation

The Group recorded a lower profit before taxation of RM42.9 million for the current financial year under review (2011: RM143.3 million), of which the continuing operations recorded a higher loss before taxation of RM22.8 million (2011: profit before taxation of RM8.2 million) and the discontinued operations recorded a lower profit before taxation of RM65.8 million (2011: RM135.1 million).

Under the conventional insurance business, the General Insurance Division recorded a loss before taxation of RM10.0 million wholly from the continuing operations (2011: profit before taxation of RM42.2 million with continuing operations: loss before taxation of RM18.6 million and discontinued operations: profit before taxation of RM60.8 million). During the current financial year, the General Insurance fund of the Labuan offshore insurance subsidiary company recorded an income from a waiver of debt of RM14.9 million under a general reinsurance treaties commutation agreement, however this income is offset by higher net insurance benefits and claims and agents' commission expenses totaling RM6.5 million incurred by the overseas insurance subsidiary company in Indonesia. The continuing operations' loss of RM18.6 million in the previous financial year was due mainly to prior year adjustments made totaling RM19.6 million as disclosed in note A1(ii) of this report.

The Life Insurance Division registered a loss before taxation of RM0.1 million wholly from continuing operations (2011: profit before taxation of RM43.0 million with continuing operation: profit before taxation of RM49.8 million and discontinued operations: loss before taxation of RM6.8 million). The continuing operations' profit in the preceding financial year 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.

Under the takaful business, the General Takaful Division recorded a higher profit before taxation of RM6.8 million (2011: RM6.1 million) contributed by lower net takaful benefits and claims of RM12.8 million (2011: RM17.3 million) and improvement in net claim ratio to 40.6% (2011: 54.2%). The Family Takaful Division recorded a higher profit before taxation of RM9.8 million (2011: RM8.1 million) mainly contributed by higher gross earned contribution, realised and fair value gains on investments.

During the current financial year under review, the unit trust fund management recorded a lower profit before taxation of RM6.0 million (2011: RM6.6 million), mainly due to decrease in initial service and management fee income.

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

**Current financial year against preceding financial year** (continued)

Profit before taxation (continued)

The Shareholders' Fund (excluding the unit trust fund management) recorded a lower profit before taxation of RM30.5 million (2011: RM37.5 million), of which the continuing operations recorded a lower loss before taxation of RM35.3 million (2011: RM43.7 million) and the discontinued operations recorded a lower profit before taxation of RM65.8 million (2011: RM81.2 million). The profit in the current financial year was due mainly to a gain of RM50.7 million recognized from the receipt of held back sum from the sale consideration of MAA after satisfaction of certain condition precedents 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 offset partially by a provision made for claim sum including interest totaling RM14.4 million under a legal suit allowed by the Court against a former subsidiary company. The profit in the previous financial year included a gain on disposal of RM83.2 million (net of selling expenses) ("Disposal Gain") from the sale of the Disposed Subsidiaries. This Disposal Gain included a subsequent upward adjustment of RM86.0 million to the sale consideration of RM344.0 million as explained in note B6 (a) of this report.

**B2. COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

During the current financial quarter under review, the Group registered a profit before taxation of RM11.7 million (preceding quarter 2012: loss before taxation of RM8.5 million), of which the continuing operations recorded a profit before taxation of RM9.0 million (preceding quarter 2012: loss before taxation of RM40.3 million) whilst the discontinued operations recorded a lower profit before taxation of RM2.7 million (preceding quarter 2012: RM31.8 million). The profit in the current quarter was mainly due to surpluses transferred from the General Takaful fund and Family Takaful fund of RM6.8 million and RM9.8 million respectively to the Shareholders' fund.

The continuing operation's higher loss of RM40.3 million in the preceding quarter was due mainly to net insurance benefits and claims and agents' commission expenses totaling RM14.4 million incurred by the overseas insurance subsidiary company in Indonesia and a provision made for claim sum including interest totaling RM14.4 million under a legal suit allowed by the Court against a former subsidiary company.

**B3. PROSPECTS**

Subsequent to the sale of MAA, the Group has and 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. Nevertheless, the Group expects its performance for the next financial year will be affected by the sharing of motor portfolio from Malaysian Motor Insurance Pool upon implementation by Bank Negara Malaysia to the takaful industry and also the business viability of PT MAAG.

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 note B6 (b) of this report, Bursa Securities has granted an extension of time of up to 18 June 2013 for the Company to submit a regularisation plan. The Company is still in the midst of formulating a regularisation plan for submission to the Bursa Securities for approval.

**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 FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**B5. TAXATION**

RM'000	3 months period ended		12 months period ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011 (Restated)
<b>CONTINUING OPERATIONS</b>				
<u>Current tax</u>				
Current financial quarter/year	3,450	1,464	4,534	2,181
(Over)/under accrual in prior financial quarter/year	(421)	47	(92)	(63)
	3,029	1,511	4,442	2,118
<u>Deferred tax</u>				
Current financial quarter/year	1,048	4,253	1,223	4,338
(Over)/under accrual in prior financial quarter/year	(10)	-	(10)	-
	1,038	4,253	1,213	4,338
<b>Tax expense</b>	<b>4,067</b>	<b>5,764</b>	<b>5,655</b>	<b>6,456</b>
<b>DISCONTINUED OPERATIONS</b>				
<u>Current tax</u>				
Current financial quarter/year	-	(5,097)	168	20,327
Under accrual in prior financial quarter/year	-	5,335	-	5,346
	-	238	168	25,673
<u>Deferred tax</u>				
Current financial quarter/year	-	(13)	(15)	(2,237)
Over accrual in prior financial quarter/year	-	(1)	-	(12)
	-	(14)	(15)	(2,249)
<b>Tax expense</b>	<b>-</b>	<b>224</b>	<b>153</b>	<b>23,424</b>

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

**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 in the escrow account 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 in the escrow account 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 FINANCIAL YEAR ENDED 31 DECEMBER 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 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 for Waiver”).

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 for Waiver.

On 1 November 2012, the Company announced that the Application for Waiver was still being considered by Bursa Securities.

On 30 November 2012, the Company submitted an application to Bursa Securities for extension of time from complying with Paragraph 8.04(3) and PN17 of the Listing Requirements (“Application for Extension of time”).

*(the Application for Waiver and the Application for Extension of Time shall collectively be referred to as “Applications”)*

On 3 December 2012, the Company announced that the Applications were still being considered by Bursa Securities.

On 20 December 2012, the Company announced that Bursa Securities has vide its letter dated 20 December 2012, rejected the Company’s Application for Waiver from complying with Paragraph 8.04(3) and PN17 of the Listing Requirements and has granted an extension of time of up to 18 June 2013 for the Company to submit a regularisation plan taking into consideration amongst others the following:

- (i) The consolidated financial position of the Group as at 30 September 2012 including its consolidated shareholders’ equity and net assets of approximately RM451.9 million, cash and cash equivalent of approximately RM154.6 million as well as the Group’s low gearing position;
- (ii) The future receipts of balance of cash proceeds from the disposal of the Disposed Subsidiaries which is scheduled to be released to the Company from the escrow account in 2013;
- (iii) The steps taken to regularise the Company’s financial position to date and in particular the disposals of non performing or loss making assets (such as Wira Security Services Sdn Bhd and PT MAA Life Assurance as disclosed in note B6(c) and B6(d)) and the acquisition of Origin Mortgage Management Services by Columbus Capital Pty Ltd in note B6(e); and
- (iv) The Company’s plan to revert, sustain and grow the profitability of the Group.

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

The aforesaid extension of time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the securities of the Company and to de-list the Company in the event:

- (i) The Company fails to submit the regularisation plans on or before 18 June 2013;
- (ii) The Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan, or
- (iii) The Company fails to implement its regularization plan within the time frame or extended time frames stipulated by Bursa Securities.

Upon the occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of the Company upon the expiry of five (5) market days from the date the Company is notified by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting. Based on the decision by Bursa Securities, the Board will formulate a regularization plan and will submit it to Bursa Securities for approval.

On 2 January 2013 and 4 February 2013, the Company announced that it is still in the midst of formulating a regularisation plan for submission to the Bursa Securities for approval.

- (c) On 28 June 2012, the Company announced that MAA Corporation Sdn Bhd ("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 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.
- (e) 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.

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

(f) On 2 October 2012, the Company announced that MAA Credit Berhad (“MAA Credit”), a wholly owned subsidiary of MAA Corp, which in turn is a wholly owned subsidiary of the Company, had in exercise of its power of attorney pursuant to memorandum of deposit shares in Keris Murni Sdn Bhd (“KMSB”) and Pusat Tuisyen Kasturi Sdn Bhd (“PTKSB”) (“the Security Shares”) dated 1 October 2009 signed with Famous Vertex Sdn Bhd (“FVSB”), transferred all the Security Shares to itself. This forms part of debt recovery action taken to enforce the Security Shares after FVSB had defaulted the loan (both principal and interest) due to MAA Credit.

Consequently, KMSB and PTKSB become 70% owned subsidiary companies of MAA Credit on 2 October 2012.

(g) On 26 November 2012, the Company announced that MAA Credit had entered into a Shares Sale Agreement with Ahmad Nor Shaffuddin bin Ahmad Baharuddin and Rozeeta Binti Ahmad Baharuddin (collectively referred to as “Vendors”) on the same date to acquire from the Vendors 290,002 ordinary shares of RM1.00 each representing 100% equity interest in Nilam Timur Sdn Bhd (“Nilam Timur”) for a total cash consideration of RM10.00, arrived at on a willing seller willing buyer basis. This forms part of debt recovery action taken by MAA Credit for a loan due by Nilam Timur. MAA Credit intends to sell Nilam Timur which has the sub-lease on lands to any interested party to recover the loan.

(h) On 5 December 2012, the Company announced that MAA Corp and NTY Enterprise Sdn Bhd, had entered into a Share Sale Agreement, for the disposal of 385,000 ordinary shares representing 11% of the issued and fully paid up ordinary shares and the 153 redeemable preference shares representing 100% of the issued and fully paid up redeemable preference shares in Meridian Asset Management Holdings Sdn Bhd (“MAM”) respectively for a total cash consideration of Ringgit Malaysia Ten (RM10) only, arrived at on a willing seller willing buyer basis. Upon completion of the disposal, MAM ceased to be a subsidiary of MAA Corp/the Company and became an associated company.

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 21 February 2013 (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:

<b>RM’000</b>	<b>As at 31.12.2012</b>	<b>As at 31.12.2011</b>
<u>Short term</u>		
Bank overdraft (unsecured)	4,335	9,232

**B8. MATERIAL LITIGATION**

There were no material litigations as at 21 February 2013 (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 FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**B9. PROPOSED DIVIDEND**

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

**B10. EARNINGS PER SHARE**

	3 months period ended		12 months period ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011 (Restated)
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter /year (RM'000)				
- Continuing operations	4,016	(26,835)	(21,395)	2,386
- Discontinued operations	2,690	77,242	65,683	111,709
	6,706	50,407	44,288	114,095
Weighted average number of ordinary shares in issue (‘000)	304,354	304,354	304,354	304,354
Basic earnings/(loss) per share (sen)				
- Continuing operations	1.32	(8.82)	(7.03)	0.78
- Discontinued operations	0.88	25.38	21.58	36.70
	2.20	16.56	14.55	37.48

**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 FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**B12. PROFIT/(LOSS) FOR THE QUARTER AND YEAR**

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

RM'000	3 months period ended		12 months period ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
<b><u>CONTINUING OPERATIONS</u></b>				
Interest income	4,990	4,626	18,196	15,225
Dividend income	1,390	897	4,033	3,113
Rental income	22	168	77	264
Accretion of discounts	(13)	(199)	130	869
Gain on disposal of investments	3,072	2,901	14,104	10,847
Gain on disposal of investment properties	-	344	-	25
Loss on disposal of property, plant and equipment	(1)	(330)	(11)	(293)
Gain on disposal of subsidiary companies	1,037	2,461	1,051	-
Net foreign exchange loss	(1,207)	(906)	(1,396)	(1,092)
Net fair value gain on investments properties	1,261	-	1,261	-
Net fair value (loss)/gain on investments	(106)	11,565	4,384	(2,447)
Write back of /(allowance for) impairment loss on available-for-sale investments	858	(3,660)	858	(3,660)
(Allowance for)/write back of impairment loss on property, plant and equipment	(3)	(674)	673	(674)
Allowance for impairment loss on assets classified as held for sales	(489)	(2,346)	(489)	(2,346)
Write back of /(allowance for) impairment loss on loans from leasing, hire purchase and other - net	6,773	(7,785)	5,508	(8,723)
(Allowance for)/write back of impairment loss on insurance receivables	(272)	3,220	(2,691)	1,562
Impairment loss on trade and other receivables	(62)	(164)	(41)	(176)
Impairment loss on goodwill on acquisition of subsidiary company	(6,865)	-	(6,865)	-
Depreciation of property, plant and equipment	(1,423)	772	(3,249)	(1,622)
Amortisation of intangible assets	(610)	(512)	(1,997)	(1,915)
<b><u>DISCONTINUED OPERATIONS</u></b>				
Interest income	-	(605)	563	172,154
Dividend income	-	-	-	27,005
Rental income	-	-	-	9,416
Accretion of discounts	-	-	-	28,537
Gain/(loss) on disposal of investments	-	773	(218)	23,420
Gain on disposal of investment properties	-	-	-	1,652
Gain/(loss) on disposal of property, plant and equipment	-	(8)	65	(66)
Gain on disposal of subsidiary companies	3,251	83,162	65,371	83,162
Net foreign exchange gain/(loss)	-	-	21	(6)
Net fair value (loss)/gain on investments	(1)	1,207	(943)	(63,936)
Allowance for impairment loss on available-for-sale investments	(386)	-	-	(265)
(Allowance for)/write back of impairment loss on loans and receivables	-	(306)	-	12,144
Write back of impairment loss on insurance receivables	-	-	-	2,504

**NOTES TO THE REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**B12. PROFIT/(LOSS) FOR THE QUARTER AND YEAR (continued)**

RM'000	3 months period ended		12 months period ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
<b><u>DISCONTINUED OPERATIONS</u></b>				
Write back of /(allowance for) impairment loss on trade and other receivables	-	97	(154)	289
Depreciation of property, plant and equipment	-	(144)	(397)	(9,051)
Amortisation of intangible assets	-	-	-	(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 31.12.2012	As at 31.12.2011
Total retained earnings of the Group:		
- Realised	135,166	77,279
- Unrealised	1,987	5,577
	137,153	82,856
Total share of accumulated losses from associated companies		
- Realised	(5,226)	(5,644)
- Unrealised	3,913	4,616
	(1,313)	(1,028)
	135,840	81,828
Less: Consolidation adjustments	(12,729)	(3,005)
<b>Total Group retained earnings as per statement of financial position</b>	<b>123,111</b>	<b>78,823</b>

**B14. Explanation on the Prior Year Adjustments in PTMAAG**

During the current financial year, the Management of the Company had instructed the Group's Internal Audit team ("GIAD") to carry out a review on PTMAAG in relation to the differences noted between the receivables and payables sub-ledger to the general ledger amounting to approximately RM9.2 million as at 30 September 2012. Pursuant to the initial review conducted by GIAD from October 2012 to November 2012, GIAD detected various errors where certain expenses and claims were recorded in the statement of financial position and not taken up as expenses in the income statement of PTMAAG. GIAD has also identified that there were under provisions of reserve for net claims and reinstatement premiums amounting to approximately RM7.7 million. These findings were reported to the Audit Committee and the Board of Directors of the Company on 27 November 2012. Based on the findings by GIAD up to 27 November 2012, adjustments amounting to approximately RM16.9 million were made in the unaudited consolidated Financial Statements of the Group for the 3rd Quarter of 2012, which was announced on 30 November 2012.

The Board of the Company further instructed GIAD to continue with its review on PTMAAG operations in particular on the areas of claims and claims reserve.

Pursuant to the additional verification work conducted by the GIAD, on 27 February 2013, the Board was informed that there is a further under provision of claims reserves and reinstatement premiums totalling approximately RM23.1 million. Some of these under provisions were in relation to prior years. It was also noted that certain claims expenses amounting to approximately RM14.9 million were recognised in incorrect financial period.

In recognition of the above, necessary adjustments including Prior Year Adjustments ("PYAs") were made in the unaudited consolidated Financial Statements of the Group for the 4th Quarter of 2012. PYAs were made in accordance with MRFS 108: Accounting Policies, Changes in Accounting Estimates and Errors.

The Board regards the implications of the above inaccuracies seriously. The Company had in November 2012 engaged its Malaysian and Indonesian legal counsels to advise on the above matters. The Indonesian legal counsel will also assess and review all findings and advise on possible breaches of duties and obligations on the part of local management of PTMAAG. GIAD is continuing with its review to ascertain the accuracy of other areas including but not limited to reinsurance treaty recoveries. Further adjustments, if any, arising from the review by GIAD cannot be discounted.

The Group has taken immediate steps and actions to strengthen the control and oversight over the operations of PTMAAG.

**By Order of the Board**

Lily Yin Kam May  
Yeo Took Keat  
Company Secretaries

KUALA LUMPUR  
DATE: 27 FEBRUARY 2013