

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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

**A1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2012.

The accounting policies adopted by the Group in the condensed consolidated interim financial statements are consistent with those adopted in the audited annual financial statements for the financial year ended 31 December 2012 except for the adoption of the following MFRs, amendments to MFRs and IC Interpretations issued by MASB which are applicable to the Group.

***MFRS, amendments to MFRS and IC Interpretation effective from annual periods beginning on or after 1 January 2013***

- MFRS 3 Business combinations
- MFRS 10 Consolidated Financial Statements
- MFRS 12 Disclosures of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- Revised MFRS 127 Consolidated and Separate Financial Statements
- Revised MFRS 128 Investments in Associates and Joint Ventures
- Amendment to MFRS 101 Presentation of Items of Other Comprehensive Income
- Amendment to MFRS 119 Employee Benefits
- Amendment to MFRS 7 Financial Instruments: Disclosures

The adoption of the above MFRSs, amendments to MFRSs and IC Interpretations are not expected to have material impact on the financial statements of the Group.

The following MFRs and amendments to MFRs have been issued by MASB and are not yet effective for adoption by the Group:

***MFRS, amendments to MFRS and IC Interpretation effective for annual periods commencing on or after 1 January 2014***

- Amendment to MFRS 132 Financial Instruments: Presentation

***MFRS, amendments to MFRS and IC Interpretation effective for annual periods commencing on or after 1 January 2015***

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

The adoption of the above MFRSs and amendments to MFRSs are not expected to have material impact on the financial statements of the Group upon their first adoption.

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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**A2. SEASONALITY AND CYCLICALITY OF OPERATIONS**

The operations of the Group were not significantly affected by any unusual seasonal or cyclical factors in the current financial quarter and period under review.

**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 period under review.

**A4. CHANGES IN ESTIMATES**

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

The Company paid an interim gross dividend of 3 sen per share, less income tax totaling RM6,847,955.81 on 5 July 2013 in respect of the financial year ending 31 December 2013.

**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

Other segments comprise investment holding, hire purchase, leasing and other credit activities, property management 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 FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**
**A7. SEGMENTAL INFORMATION (continued)**

	Insurance						Takaful			Unit trust fund management	All other segments		Total	Inter-segment elimination	Group total
	Life insurance		General insurance		Shareholders' fund		General takaful fund	Family takaful fund	Shareholders' fund	RM'000	Continuing	Discontinued	RM'000	RM'000	RM'000
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued	RM'000	RM'000	RM'000		RM'000	RM'000			
<b>3 months period ended</b>															
<b>30 September 2013</b>															
External revenue	59	-	5,198	-	315	-	61,672	81,479	1,006	12,166	5,037	-	166,932	-	166,932
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	93	-	93	(93)	-
<b>Total operating revenue</b>	<b>59</b>	<b>-</b>	<b>5,198</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>61,672</b>	<b>81,479</b>	<b>1,006</b>	<b>12,166</b>	<b>5,130</b>	<b>-</b>	<b>167,025</b>	<b>(93)</b>	<b>166,932</b>
Profit/(loss) by segments	55	-	(5,833)	-	(314)	-	2,433	24,656	(1,008)	1,131	11,801	14,592	47,513	(3)	47,510
(Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(55)	-	-	-	-	-	(90)	(24,656)	-	-	-	-	(24,801)	-	(24,801)
	-	-	(5,833)	-	(314)	-	2,343	-	(1,008)	1,131	11,801	14,592	22,712	(3)	22,709
Share of profit of associated companies not included in reportable segments													607	-	607
Profit before taxation (*)													23,319	(3)	23,316

(\*) consist of profit before taxation from:

	RM'000
- Continuing	8,724
- Discontinued	14,592
	<u>23,316</u>

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

(Incorporated in Malaysia)

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**
**A7. SEGMENTAL INFORMATION (continued)**

	Insurance						Takaful			Unit trust fund management	All other segments		Total	Inter-segment elimination	Group total
	Life insurance		General insurance		Shareholders' fund		General takaful fund	Family takaful fund	Shareholders' fund	RM'000	Continuing	Discontinued	RM'000	RM'000	RM'000
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued	RM'000	RM'000	RM'000		RM'000	RM'000			
<b>9 months period ended</b>															
<b>30 September 2013</b>															
External revenue	167	-	29,346	-	1,063	-	163,221	213,454	2,887	34,173	13,094	-	457,405	-	457,405
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	182	-	182	(182)	-
Total operating revenue	167	-	29,346	-	1,063	-	163,221	213,454	2,887	34,173	13,276	-	457,587	(182)	457,405
Profit/(loss) by segments (Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(27)	-	(26,491)	-	(1,042)	-	1,715	68,382	1,915	2,450	3,616	14,592	65,110	-	65,110
	27	-	-	-	-	-	(90)	(68,382)	-	-	-	-	(68,445)	-	(68,445)
	-	-	(26,491)	-	(1,042)	-	1,625	-	1,915	2,450	3,616	14,592	(3,335)	-	(3,335)
Share of profit of associated companies not included in reportable segments													2,285	-	2,285
Loss before taxation (*)													(1,050)	-	(1,050)

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

	RM'000
- Continuing	(15,642)
- Discontinued	14,592
	<u>(1,050)</u>

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

(Incorporated in Malaysia)

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**
**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						Contin- uing	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>30 September 2012</b>															
External revenue	65	692	15,583	-	245	-	38,133	52,020	989	10,289	1,328	-	119,344	-	119,344
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating revenue</b>	<b>65</b>	<b>692</b>	<b>15,583</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>38,133</b>	<b>52,020</b>	<b>989</b>	<b>10,289</b>	<b>1,328</b>	<b>-</b>	<b>119,344</b>	<b>-</b>	<b>119,344</b>
Profit/(loss) by segments (Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(111)	(369)	(18,702)	-	(2,334)	-	1,701	5,373	(118)	550	(22,819)	34,036	(2,793)	1,396	(1,397)
	111	369	-	-	-	-	(1,701)	(5,373)	-	-	-	-	(6,594)	-	(6,594)
	-	-	(18,702)	-	(2,334)	-	-	-	(118)	550	(22,819)	34,036	(9,387)	1,396	(7,991)
Share of loss of associated companies not included in reportable segments													(469)	-	(469)
Loss before taxation (*)													(9,856)	1,396	(8,460)

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

	RM'000
- Continuing	(40,256)
- Discontinued	31,796
	<u>(8,460)</u>

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

(Incorporated in Malaysia)

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**
**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									
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>9 months period ended</b>															
<b>30 September 2012</b>															
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating revenue</b>	<b>191</b>	<b>4,008</b>	<b>53,222</b>	<b>-</b>	<b>836</b>	<b>-</b>	<b>105,107</b>	<b>161,779</b>	<b>2,724</b>	<b>28,309</b>	<b>6,593</b>	<b>11,294</b>	<b>374,063</b>	<b>-</b>	<b>374,063</b>
Profit/(loss) by segments (Surplus)/deficit retained in life insurance, general takaful and family takaful businesses	(111)	(3,170)	(1,317)	-	(2,212)	-	3,922	46,518	2,252	853	(37,448)	65,386	74,673	4,473	79,146
	111	3,170	-	-	-	-	(3,922)	(46,518)	-	-	-	-	(47,159)	-	(47,159)
	-	-	(1,317)	-	(2,212)	-	-	-	2,252	853	(37,448)	65,386	27,514	4,473	31,987
Share of loss of associated companies not included in reportable segments													(1,328)	-	(1,328)
Profit before taxation (*)													26,186	4,473	30,659

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

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

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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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 2012. 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 condensed consolidated interim financial statements.

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

MAA Corporation Sdn Bhd, a wholly owned subsidiary of the Company has on 21 August 2013 incorporated two companies, MaaxSite Sdn Bhd ("MAAXSITE") and MaaxClub Sdn Bhd ("MAAXCLUB") with authorised share capital of RM400,000.00 and paid up capital of RM2.00 made up of two (2) ordinary shares of RM1.00 each respectively. The principal activities of MAAXSITE and MAAXCLUB are to carry on business of E-commerce and any type of electronic business or commercial plan which relates to E-Business.

**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:

	As at 30.09.2013	As at 31.12.2012
	RM'000	RM'000
Performance bonds and guarantees	22,709	21,611

- (b) The Board of Directors are of the view that no provision in respect of Zurich's Claims as disclosed in note B6(a) of this report are required as at the end of the current financial period ended 30 September 2013 as the verification works by the engaged professional accountants, actuaries and attorneys are still at preliminary stage.

**A12. CAPITAL COMMITMENTS**

The Group's capital commitments not provided for in these condensed consolidated interim financial statements is as follows:

	As at 30.09.2013
	RM'000
Authorised and contracted for:	
- Property, plant and equipment	663

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**A13. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (UNAUDITED)  
AS AT 30 SEPTEMBER 2013**

	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	24,934	188	-	-	-	25,122
Investment properties	11,632	-	-	-	-	11,632
Intangible assets	7,255	-	-	-	-	7,255
Investments	165,612	2,570	11,343	56,114	336,889	572,528
Financial assets at fair value through profit of loss	34,849	-	11,343	-	230,225	276,417
Held-to-maturity financial assets	-	-	-	15,776	23,928	39,704
Available-for-sale financial assets	123,467	18	-	39,096	32,844	195,425
Loans and receivables	7,296	2,552	-	1,242	49,892	60,982
Associated companies	61,429	-	-	-	-	61,429
Reinsurance assets	-	47,597	-	192,465	20,207	260,269
Insurance receivables	-	20,305	-	34,568	23,792	78,665
Trade and other receivables	107,727	412	145	921	3,470	112,675
Tax recoverable	2,818	-	-	-	-	2,818
Deferred tax assets	-	490	-	-	-	490
Cash and cash equivalents	220,699	185	1,746	26,222	48,703	297,555
<b>Total assets</b>	<b>602,106</b>	<b>71,747</b>	<b>13,234</b>	<b>310,290</b>	<b>433,061</b>	<b>1,430,438</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
Insurance contract liabilities	-	86,836	-	245,682	390,596	723,114
Investment contract liabilities	-	-	11,553	-	-	11,553
Borrowings						
- Bank overdrafts (unsecured)	4,585	-	-	-	-	4,585
Insurance payables	-	69,559	-	45,900	28,739	144,198
Trade and other payables	63,345	1,658	153	11,690	6,910	83,756
Current tax liabilities	2,831	-	-	2,388	3,234	8,453
Deferred tax liabilities	3,321	-	-	129	971	4,421
<b>Total liabilities</b>	<b>74,082</b>	<b>158,053</b>	<b>11,706</b>	<b>305,789</b>	<b>430,450</b>	<b>980,080</b>
<b>Equity, policyholders' funds and liabilities</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	111,826	-	-	-	-	111,826
Reserves	10,111	-	-	-	-	10,111
<b>Total equity attributable to the owners of the Company</b>	<b>426,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,291</b>
Non-controlling interests	24,067	-	-	-	-	24,067
<b>Total equity</b>	<b>450,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450,358</b>
<b>Total equity, policyholders' funds and liabilities</b>						
	<b>524,440</b>	<b>158,053</b>	<b>11,706</b>	<b>305,789</b>	<b>430,450</b>	<b>1,430,438</b>
<b>Inter-fund balances</b>	<b>77,666</b>	<b>(86,306)</b>	<b>1,528</b>	<b>4,501</b>	<b>2,611</b>	<b>-</b>



**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**A13. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY FUNDS (AUDITED)  
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	23,545	341	-	-	-	23,886
Investment properties	11,632	-	-	-	-	11,632
Intangible assets	7,859	-	-	-	-	7,859
Investments	125,287	3,401	11,011	61,775	272,147	473,621
Financial assets at fair value through profit of loss	19,448	-	11,011	-	171,341	201,800
Available-for-sale financial assets	95,985	20	-	61,775	58,555	216,335
Loans and receivables	9,854	3,381	-	-	42,251	55,486
Associated companies	56,314	-	-	-	-	56,314
Reinsurance assets	-	66,812	-	132,139	13,792	212,743
Insurance receivables	-	21,944	-	21,942	24,918	68,804
Trade and other receivables	253,324	708	92	1,185	2,281	257,590
Tax recoverable	3,382	235	-	-	-	3,617
Deferred tax assets	-	558	-	-	-	558
Cash and cash equivalents	73,419	853	1,773	10,077	55,595	141,717
Asset classified as held for sale	1,015	-	-	-	-	1,015
<b>Total assets</b>	<b>555,777</b>	<b>94,852</b>	<b>12,876</b>	<b>227,118</b>	<b>368,733</b>	<b>1,259,356</b>
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
Insurance contract liabilities	-	116,990	-	173,057	310,882	600,929
Investment contract liabilities	-	-	11,289	-	-	11,289
Borrowings						
- Bank overdrafts (unsecured)	4,335	-	-	-	-	4,335
Insurance payables	-	40,309	-	36,388	24,846	101,543
Trade and other payables	52,269	5,999	151	12,783	3,457	74,659
Current tax liabilities	2,418	113	-	2,388	1,454	6,373
Deferred tax liabilities	3,978	-	-	627	1,505	6,110
<b>Total liabilities</b>	<b>63,000</b>	<b>163,411</b>	<b>11,440</b>	<b>225,243</b>	<b>342,144</b>	<b>805,238</b>
<b>Equity</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	119,952	-	-	(1,218)	-	118,734
Reserves	4,316	-	-	-	-	4,316
<b>Total equity attributable to the owners of the Company</b>	<b>428,622</b>	<b>-</b>	<b>-</b>	<b>(1,218)</b>	<b>-</b>	<b>427,404</b>
Non-controlling interests	27,121	-	-	(407)	-	26,714
<b>Total equity</b>	<b>455,743</b>	<b>-</b>	<b>-</b>	<b>(1,625)</b>	<b>-</b>	<b>454,118</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>518,743</b>	<b>163,411</b>	<b>11,440</b>	<b>223,618</b>	<b>342,144</b>	<b>1,259,356</b>
<b>Inter-fund balances</b>	<b>37,034</b>	<b>(68,559)</b>	<b>1,436</b>	<b>3,500</b>	<b>26,589</b>	<b>-</b>

**MAA GROUP BERHAD (471403-A)**  
(Incorporated in Malaysia)

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

**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>	51,217	29,346	167	163,221	213,454	-	457,405
Gross earned premiums/contributions	-	29,196	-	160,981	204,313	-	394,490
Premiums/contributions ceded to reinsurers/retakaful	-	(24,376)	-	(129,545)	(9,896)	-	(163,817)
<b>Net earned premiums/contributions</b>	-	4,820	-	31,436	194,417	-	230,673
Investment income	8,207	150	167	2,240	9,141	-	19,905
Realised gains and losses	3,726	-	4	50	10,564	-	14,344
Fair value gains and losses	13,268	-	225	-	(838)	-	12,655
Fee and commission income	-	319	-	37,519	-	-	37,838
Other operating revenue from non-insurance businesses	43,010	-	-	-	-	-	43,010
Wakalah fee from takaful business	107,455	-	-	-	-	(107,455)	-
<b>Other revenue</b>	175,666	469	396	39,809	18,867	(107,455)	127,752
Gross benefits and claims paid	-	(38,227)	(68)	(44,945)	(82,910)	-	(166,150)
Claims ceded to reinsurers/retakaful	-	15,217	-	31,961	7,325	-	54,503
Gross change to contract liabilities	-	2,447	(101)	(38,900)	-	-	(36,554)
Change in contract liabilities ceded to reinsurers/retakaful	-	(2,256)	-	31,656	-	-	29,400
<b>Net insurance/takaful benefits and claims</b>	-	(22,819)	(169)	(20,228)	(75,585)	-	(118,801)
Fee and commission expense	(74,816)	(1,745)	-	-	-	-	(76,561)
Management expenses	(89,276)	(7,020)	(363)	(46)	-	-	(96,705)
Other operating income/(expenses) - net	(4,335)	(196)	109	-	(9,204)	-	(13,626)
Wakalah fee payable to Shareholders' fund	-	-	-	(49,256)	(58,199)	107,455	-
Finance cost	(300)	-	-	-	-	-	(300)
<b>Other expenses</b>	(168,727)	(8,961)	(254)	(49,302)	(67,403)	107,455	(187,192)
Share of profit of associate companies, net of tax	2,285	-	-	-	-	-	2,285
	9,224	(26,491)	(27)	1,715	70,296	-	54,717
Taxation of general takaful and family takaful businesses	-	-	-	-	(1,914)	-	(1,914)
<b>Surplus/(deficit) after taxation/ profit/(loss) before taxation</b>	9,224	(26,491)	(27)	1,715	68,382	-	52,803
Deficit/(surplus) retained in life insurance, general takaful and family takaful businesses	-	-	27	(90)	(68,382)	-	(68,445)
<b>Profit/(loss) before taxation</b>	9,224	(26,491)	-	1,625	-	-	(15,642)
Taxation	(1,657)	-	-	-	-	-	(1,657)
<b>Profit/(loss) for the financial period</b>	7,567	(26,491)	-	1,625	-	-	(17,299)

**MAA GROUP BERHAD (471403-A)**  
(Incorporated in Malaysia)

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)  
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
<b>Operating revenue</b>	<b>38,462</b>	<b>53,222</b>	<b>191</b>	<b>105,107</b>	<b>161,779</b>	<b>-</b>	<b>358,761</b>
Gross earned premiums/contributions	-	52,892	-	102,992	155,174	-	311,058
Premiums/contributions ceded to reinsurers/retakaful	-	(26,040)	-	(80,803)	(13,583)	-	(120,426)
<b>Net earned premiums/contributions</b>	<b>-</b>	<b>26,852</b>	<b>-</b>	<b>22,189</b>	<b>141,591</b>	<b>-</b>	<b>190,632</b>
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)	-
<b>Other revenue</b>	<b>127,307</b>	<b>4,641</b>	<b>(2,665)</b>	<b>25,967</b>	<b>18,737</b>	<b>(83,752)</b>	<b>90,235</b>
Gross benefits and claims paid	-	(39,590)	-	(36,204)	(63,068)	-	(138,862)
Claims ceded to reinsurers/retakaful	-	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/retakaful	-	1,693	-	13,301	-	-	14,994
<b>Net insurance/takaful benefits and claims</b>	<b>-</b>	<b>(24,250)</b>	<b>3,311</b>	<b>(9,214)</b>	<b>(53,719)</b>	<b>-</b>	<b>(83,872)</b>
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)
<b>Other expenses</b>	<b>(157,149)</b>	<b>(8,560)</b>	<b>(757)</b>	<b>(32,590)</b>	<b>(58,638)</b>	<b>83,752</b>	<b>(173,942)</b>
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 general takaful and family takaful businesses	-	-	-	(2,430)	(1,453)	-	(3,883)
<b>Surplus/(deficit) after taxation/ profit/(loss) before taxation</b>	<b>(31,170)</b>	<b>(1,317)</b>	<b>(111)</b>	<b>3,922</b>	<b>46,518</b>	<b>-</b>	<b>17,842</b>
Deficit/(surplus) retained in life insurance, general takaful and family takaful businesses	-	-	111	(3,922)	(46,518)	-	(50,329)
<b>Loss before taxation</b>	<b>(31,170)</b>	<b>(1,317)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,487)</b>
Taxation	(1,588)	-	-	-	-	-	(1,588)
<b>Loss for the financial period</b>	<b>(32,758)</b>	<b>(1,317)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,075)</b>

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

**Discontinued Operations**

	Shareholders'	
	fund	Total
	RM'000	RM'000
<b>Operating revenue</b>	-	-
Gross earned premiums	-	-
Premiums ceded to reinsurers	-	-
<b>Net earned premiums</b>	-	-
Investment income	-	-
Realised gains and losses	14,592	14,592
Fair value gains and losses	-	-
Fee and commission income	-	-
Other operating revenue from non-insurance businesses	-	-
<b>Other revenue</b>	-	-
Gross benefits and claims paid	-	-
Gross change to contract liabilities	-	-
<b>Net insurance benefits and claims</b>	-	-
Fee and commission expense	-	-
Management expenses	-	-
Other operating income - net	-	-
Finance costs	-	-
<b>Other expenses</b>	-	-
<b>Profit before taxation</b>	14,592	14,592
Deficit retained in life insurance business	-	-
<b>Profit before taxation</b>	14,592	14,592
Taxation	-	-
<b>Profit for the financial period</b>	14,592	14,592

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**A14. CONDENSED CONSOLIDATED INCOME STATEMENT BY FUNDS (UNAUDITED)  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	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
<b>Other revenue</b>	73,829	(434)	73,395
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	281	54	335
Finance costs	(20)	-	(20)
<b>Other expenses</b>	(10,683)	(3,769)	(14,452)
<b>Profit/(deficit) before taxation</b>	63,146	(3,170)	59,976
Deficit retained in life insurance business	-	3,170	3,170
<b>Profit before taxation</b>	63,146	-	63,146
Taxation	(153)	-	(153)
<b>Profit for the financial period</b>	62,993	-	62,993

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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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**

In these condensed consolidated interim financial statements under review, the discontinued operations for the preceding financial period represent an overseas life insurance subsidiary company in Indonesia and a local non-insurance subsidiary company which were disposed during 2012.

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

Operating revenue

For the current financial quarter ended 30 September 2013 (3Q-2013), the Group recorded an increase of 39.9% in total operating revenue to RM166.9 million wholly from the continuing operations (3Q-2012: RM119.3 million, of which the continuing operations recorded RM118.6 million and the discontinued operations recorded RM0.7 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM5.1 million (3Q-2012: RM15.5 million) wholly from the continuing operations. The Life Insurance Division recorded a total gross earned premium of RM0.7 million in 3Q-2012 wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 62.6% increase in total gross earned contribution to RM60.8 million (3Q-2012: RM37.4 million) mainly growth from fire, motor, engineering, oil and gas classes of business, whilst the Family Takaful Division registered a 58.8% increase in total gross earned contribution to RM78.6 million (3Q-2012: RM49.5 million), mainly growth from single premium investment-linked products.

The Group's unit trust fund management division recorded a 18.4% increase in operating revenue to RM12.2 million (3Q-2012: RM10.3 million) arose mainly from the increase in initial service and management fee income to RM12.0 million (3Q-2012: RM10.1 million).

The Shareholders' fund (excluding the unit trust fund management division) recorded a total operating revenue of RM6.4 million (3Q-2012: RM2.6 million), wholly from continuing operations.

Profit / loss before taxation

The Group recorded a Profit before taxation ("PBT") of RM23.3 million for 3Q-2013 (3Q-2012: Loss before taxation ("LBT") of RM8.5 million), of which the continuing operations recorded a PBT of RM8.7 million (3Q-2012: LBT of RM40.3 million) and discontinued operations recorded a PBT of RM14.6 million (3Q-2012: PBT of RM31.8 million).

Under the conventional insurance business, the General Insurance Division recorded a LBT of RM5.8 million (3Q-2012: LBT of RM18.7 million) wholly from the continuing operations. This higher loss in 3Q-2012 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 small PBT of RM0.06 million wholly from the continuing operations (3Q-2012: LBT of RM0.5 million with continuing operations: LBT of RM0.1 million and discontinued operations: LBT of RM0.4 million).

Under the takaful business, the General Takaful Division recorded a higher PBT of RM2.4 million (3Q-2012: PBT of RM1.7 million) contributed by increase in gross earned contribution. The Family Takaful Division recorded a higher PBT of RM24.7 million (3Q-2012: PBT of RM5.4 million) contributed by increase in gross earned contribution and decrease in net claim ratio to 42.2% (3Q-2012: 53.7%).

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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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's unit trust fund management division recorded a higher PBT to RM1.1 million (3Q-2012: PBT of RM0.6 million), contributed by increase in initial service and management fee income.

The Shareholders' Fund (excluding the unit trust fund management division) recorded a higher PBT of RM25.7 million (3Q-2012: PBT of RM9.7 million), of which the continuing operations recorded a PBT of RM11.1 million (3Q-2012: LBT of RM22.1 million) and the discontinued operations recorded a PBT of RM14.6 million (3Q-2012: RM31.8 million). The PBT recorded in 3Q-2013 was due mainly to a net fair value gain of RM12.9 million recognised from bonds transferred from Zurich and a gain of RM15.0 million arising from the disposal of MAA under the settlement agreement with Zurich as disclosed in note B6(a) of this report.

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

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

Operating revenue

For 9 months period ended 30 September 2013, the Group recorded an increase of 22.3% in total operating revenue to RM457.4 million wholly from the continuing operations (2012: RM374.1 million, of which the continuing operations recorded RM358.8 million and the discontinued operations recorded RM15.3 million).

Under the conventional insurance business, the General Insurance Division recorded a total gross earned premium of RM29.2 million (2012: RM52.9 million) wholly from the continuing operations. The Life Insurance Division recorded a total gross earned premium of RM3.5 million in 2012 wholly from the discontinued operations.

Under the takaful business, the General Takaful Division recorded a 56.3% increase in total gross earned contribution to RM161.0 million (2012: RM103.0 million) mainly growth from fire, motor, engineering and oil and gas classes of business, whilst the Family Takaful Division registered a 31.6% increase in total gross earned contribution to RM204.3 million (2012: RM155.2 million), mainly growth from single premium investment-linked products.

The Group's unit trust fund management division recorded a 20.8% increase in operating revenue to RM34.2 million (2012: RM28.3 million) arose mainly from the increase in initial service and management fee income to RM33.5 million (2012: RM27.7 million).

The Shareholders' fund (excluding the unit trust fund management division) recorded a total operating revenue of RM17.0 million, wholly from continuing operations (2012: RM21.5 million with continuing operations: RM10.2 million and discontinued operations: RM11.3 million).

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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

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

Profit / loss before taxation

The Group recorded a LBT of RM1.0 million for the current financial period under review (2012: PBT of RM30.6 million), of which the continuing operations recorded a LBT of RM15.6 million (2012: LBT of RM32.5 million) and the discontinued operations recorded a PBT of RM14.6 million (2012: PBT of RM63.1 million).

Under the conventional insurance business, the General Insurance Division recorded a higher LBT of RM26.5 million (2012: LBT of RM1.3 million) wholly from the continuing operations. This higher loss in 2013 arose mainly from lower gross earned premium from cessation of new business, refund premium for cancellation of policies and higher net insurance claims and benefits incurred recorded by the overseas insurance subsidiary company in Indonesia, whilst the lower LBT in 2012 was due mainly from an income from a waiver of debts of RM14.9 million recorded by the Labuan offshore subsidiary company under a general reinsurance treaties commutation agreement.

The Life Insurance Division registered LBT of RM0.02 million wholly from the continuing operations (2012: LBT of RM3.3 million), of which the continuing operations recorded a LBT of RM0.1 million and the discontinued operations recorded a LBT of RM3.2 million).

Under the takaful business, the General Takaful Division recorded a lower PBT of RM1.7 million (2012: PBT of RM3.9 million) due mainly to increase in net claim ratio to 64.3% (2012: 41.5%) coupled with higher wakalah fee of RM49.3 million (2012: RM32.6 million). The Family Takaful Division recorded a higher PBT of RM68.3 million (2012: PBT of RM46.5 million) contributed by increase in gross earned contribution and higher net realised gain and fair value gain from investments.

The Group's unit trust fund management division recorded an increase in PBT to RM2.5 million (2012: PBT of RM0.9 million), contributed by increase in initial service and management fee income.

The Shareholders' Fund (excluding the unit trust fund management division) recorded a PBT of RM21.4 million (2012: PBT of RM31.1 million), of which the continuing operations recorded a PBT of RM6.8 million (2012: LBT of RM32.0 million) and the discontinued operations recorded a PBT of RM14.6 million (2012: PBT of RM63.1 million). The PBT recorded in 2013 contributed by a net fair value gain of RM12.9 million recognised from bonds transferred from Zurich and a gain of RM15.0 million arising from the disposal of MAA under the settlement agreement with Zurich as disclosed in note B6(a) of this report.

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



**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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

During the current financial quarter under review, the Group registered a PBT of RM23.3 million, of which the continuing operations recorded a PBT of RM8.7 million and the discontinued operations recorded a PBT of RM14.6 million (preceding quarter 2013: LBT of RM16.6 million wholly from continuing operations). This profit mainly due to a net fair value gain of RM12.9 million recognised from bonds transferred from Zurich and a gain of RM15.0 million arising from the disposal of MAA under the settlement agreement with Zurich as disclosed in note B6(a) of this report.

**B3. PROSPECTS**

The Group foresees its performance for the current financial year will be affected by the performance and business viability of the Group's General Insurance operations in Indonesia.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company. As disclosed on note B6 (b) of this report, Bursa Securities has granted a further extension of time of up to 30 November 2013 for the Company to submit a regularisation plan. The Company is 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 or profit guarantee issued by the Group.

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**B5. TAXATION**

	3 months period ended		9 months period ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>				
<u>Current tax</u>				
Current financial quarter/period	397	268	1,651	1,085
(Over)/under accrual in prior financial quarter/period	(12)	329	36	329
	385	597	1,687	1,414
<u>Deferred tax</u>				
Current financial quarter/period	(24)	139	(30)	174
Tax expense	361	736	1,657	1,588
<b><u>Discontinued operations</u></b>				
<u>Current tax</u>				
Current financial quarter/period	-	-	-	168
<u>Deferred tax</u>				
Current financial quarter/period	-	-	-	(15)
Tax expense	-	-	-	153

The Group's effective tax rate for the current and previous year' 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 and non-recognition of deferred tax assets on the loss recorded by certain subsidiary companies.

**B6. STATUS OF CORPORATE PROPOSALS**

- (a) On 30 September 2011, the Company had completed 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 had submitted notifications of disputes to Zurich to disagree certain downward adjustments (“Disputed matters”) made to the draft completion accounts and statement of aggregate net assets value of the Disposed Subsidiaries.

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 2 November 2012, the Company had 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.

On 24 July 2013, the Company entered into a settlement agreement (“Settlement Agreement”) with Zurich for settlement of the Disputed Matters in relation to the draft completion accounts and Prima Avenue Klang property (“PAK”) (“Proposes Settlement”).

Subject to fulfillment of the conditions precedent set out in the Settlement Agreement, the salient terms of the Proposed Settlement, inter-alia, include the following:

- (i) The parties agree and acknowledge that the final agreed additional consideration payable by Zurich shall be RM103,428,081 incorporating all adjustments on the general insurance reserves, general receivables and life liabilities reserve as specified in the Settlement Agreement.
- (ii) With respect to settlement of impairment dispute on Senai Desaru and Domayne bonds (“Bonds”), the Company agrees to accept transfer of the Bonds at the impaired carrying values and the deduction of the Bonds transfer price from the additional consideration by Zurich.

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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

- (iii) The parties acknowledge that the amount of RM103,428,081 is subject to the deduction of the Bonds transfer price and PAK Hold Back Amount (as defined in (iv) below), such that the net amount payable by Zurich into the escrow account is RM78,825,822.
- (iv) Zurich shall instruct and withhold an amount of RM3.0 million ("PAK Hold Back Amount") until delivery of the individual strata titles for Block A of PAK within 3 years period.

In furtherance of the Company's obligations in relation to (iv) as disclosed above, and to recover the Company's initial investment of RM20.0 million in the development (hereafter defined) arising from the original sale of MAA to Zurich on 30 September 2011, the Company has on 30 July 2013 entered into a joint venture agreement with PIMA Pembangunan Sdn Bhd ("PIMA") in respect of a commercial development known as Prima Avenue Klang or Pusat Perniagaan Prima Klang ("Development") which currently comprise of Block A and Block B office space and/or shop lots and a building platform for Block C (to be built). The Development is currently charged to Malayan Banking Berhad by way of first legal charge.

On 11 September 2013, the Company announced that the Disputed Matters in relation to the draft completion accounts between the Company and Zurich has been settled on that day and the Company has duly received Bonds from Zurich on 6 September 2013 and the balance additional consideration/net amount of RM78,825,822 has been duly deposited by Zurich in the escrow account.

On 30 September 2013, the Company announced that an amount of RM136.5 million (including interest earned) has been released from the escrow account to the Company on the same day after the expiry of 2 years from completion and a balance of RM55.1 million is still being retained in the escrow account until Zurich's remaining outstanding claims are resolved.

Zurich's remaining outstanding claims relate to alleged breach of warranties and indemnities, and comprise of claims of RM23.2 million in relation to life maturity payments, RM0.9 million in relation to experience bonuses and RM31.0 million in relation to actuarial modeling errors ("Zurich's Claims"). The Company has engaged its professional accountants, actuaries and attorneys to verify and assess the accuracy and validity of Zurich's Claims and these works are currently in progress. The Company will make the necessary announcements on further development in due course.

- (b) On 30 September 2011, the Company 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 an adverse or disclaimer opinion on the Company's latest audited accounts etc.

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

On 28 September 2012, the Company 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 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").

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

Henceforth, the Application for Waiver and the Application for Extension of Time shall collectively be referred to as "Applications".

On 20 December 2012, Bursa Securities had vide its letter rejected the Company's Application for Waiver from complying with Paragraph 8.04(3) and PN17 of the Listing Requirements and had granted an extension of time of up to 18 June 2013 for the Company to submit a regularisation plan.

On 7 June 2013, 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").

On 1 August 2013, Bursa Securities has vide its letter granted a further extension of time of up to 30 November 2013 for the Company to submit a regularisation plan taking into consideration amongst others the following:

- (i) The latest consolidated financial position of the Group including its consolidated shareholders' equity, net assets and gearing ratio position;
- (ii) The future receipts of the balance of cash proceeds from the disposal of Disposed Subsidiaries following the proposed settlement on the amount receivable by the Company as announced on 24 July 2013; and
- (iii) The latest regulatory development vis-à-vis the Islamic Financial Services Act, 2013 which came into effect on 1 July 2013, which governs the Company's core business activities.

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 30 November 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 regularisation 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 formularise a regularization plan and will submit it to Bursa Securities for approval.

On 2 September 2013, 1 October 2013 and 1 November 2013, the Company announced that it is still in the midst of formulating a regularisation plan for submission to the Bursa Securities for approval.

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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

(c) On 13 November 2013, the Company announced that its wholly-owned subsidiary, MAA Corporation Sdn Bhd (“MAA Corp”) together with the other shareholders of MAAKL Mutual Bhd (“MAAKL Mutual”) namely, Khyra Liberty Sdn Bhd, Edmond Cheah Swee Leng, Wong Boon Choy and Nge Koh Nguong (collectively referred to as the “Vendors”), had on the same day entered into a conditional sale and purchase agreement (“SPA”) with Manulife Holdings Berhad (“Manulife”) for the disposal of the entire issued and paid up ordinary share capital of MAAKL Mutual for a total consideration of RM96.5 million (“Sale Consideration”), arrived at on a ‘willing buyer-willing seller’ basis, and after taking into account the audited net assets and profit after tax of MAAKL Mutual based on its audited financial statements as at 31 December 2012. MAA Corp’s share of the Sale Consideration in proportionate to its 55% equity interest in MAAKL Mutual is RM56.1 million.

The SPA is subject to fulfillment of the conditions precedent as set out including the transfer of RM19.3 million from the Sale Consideration to an escrow account (“Escrow Amount”). The Escrow Amount together with accrued interest but less any amount paid by the escrow agent in connection with any claims for a breach of any of the warranties or indemnities to the SPA shall be paid to the Vendors on the date failing after 24 months from the sale completion date.

MAA Corp will utilise the cash proceeds from the disposal of MAAKL Mutual for working capital of the Group and expenses incidental to the said disposal. Based on the audited consolidated financial statements of the Company for the financial year ended (“FYE”) 31 December 2012 and assuming all redeemable preference shares (“RPS”) held by MAA Corp was redeemed on 31 December 2012 (the RPS had been fully redeemed on 17 June 2013), the Group is expected to realise an estimated gross gain on disposal of RM46.7 million on a consolidated basis.

Other than as stated above, as at the date of this report, there is no corporate proposal that has been announced but not completed as at 19 November 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>As at 30.09.2013</b>	<b>As at 31.12.2012</b>
	RM’000	RM’000
<u>Short term</u>		
Bank overdrafts (unsecured)	4,585	4,335

**B8. MATERIAL LITIGATION**

There were no material litigations as at 19 November 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**B9. PROPOSED DIVIDEND**

The Board of Directors has on 23 May 2013 declared an interim gross dividend of 3 sen per share, less income tax, in respect of the financial year ending 31 December 2013. The interim dividend was paid on 5 July 2013.

Other than as stated, the Board of Directors does not recommend the payment of any further dividend for the current financial quarter under review.

**B10. EARNINGS PER SHARE**

	3 months period ended		9 months period ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
<u>Attributable to the Owners of the Company:</u>				
Net profit/(loss) for the financial quarter /period (RM'000)				
- Continuing operations	8,389	(30,814)	(14,652)	(25,411)
- Discontinued operations	14,592	31,796	14,592	62,993
	22,981	982	(60)	37,582
Weighted average number of ordinary shares in issue ('000)				
Basic earnings/(loss) per share (sen)				
- Continuing operations	2.76	(10.12)	(4.81)	(8.35)
- Discontinued operations	4.79	10.45	4.79	20.70
	7.55	0.33	(0.02)	12.35

**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 2012 was not qualified.

**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

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

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

	3 months period ended		9 months period ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>				
Interest income	5,334	4,847	15,348	13,206
Dividend income	1,469	1,035	4,413	2,643
Rental income	35	9	57	55
Accretion of discounts	40	18	88	143
Gain on disposal of investments	3,431	4,854	14,366	11,032
Loss on disposal of property, plant and equipment	(3)	(19)	(23)	(10)
(Loss)/gain on disposal of subsidiary & associated companies	(496)	14	(496)	14
Net foreign exchange gain/(loss)	(2,155)	(221)	(4,260)	(189)
Net fair value gain on investments	24,300	1,210	24,022	4,490
Allowance for impairment loss on available-for-sale financial assets	(10,843)	-	(11,701)	-
Write back of impairment loss on property, plant and equipment	-	-	-	673
(Allowance for)/write back of impairment loss on loans from leasing, hire purchase and other - net	(224)	(1,313)	333	(1,265)
Allowance for impairment loss on insurance receivables	(3)	(1,563)	(46)	(2,419)
Write back of/(allowance for) impairment loss on trade and other receivables	9	12	(121)	21
Depreciation of property, plant and equipment	(1,007)	(740)	(2,909)	(1,826)
Amortisation of intangible assets	(433)	(476)	(1,296)	(1,387)
<b><u>Discontinued operations</u></b>				
Interest income	-	(48)	-	563
Gain on disposal of investments	-	(218)	-	(218)
Gain on disposal of property, plant and equipment	-	-	-	65
Gain on disposal of subsidiary companies	14,592	31,248	14,592	62,120
Net foreign exchange gain	-	-	-	21
Net fair value gain/(loss) on investments	-	418	-	(942)
Write back of impairment loss on available-for-sale financial assets	-	386	-	386
Allowance for impairment loss on trade and other receivables	-	-	-	(154)
Depreciation of property, plant and equipment	-	(51)	-	(397)



**NOTES TO THE REPORT FOR THE FINANCIAL QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013**

**B13. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)**

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with 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 whilst the disclosure at the Group level is based on the prescribed format by the Bursa Securities.

	<b>As at 30.09.2013</b>	<b>As at 31.12.2012</b>
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	97,565	131,741
- Unrealised	9,355	1,415
	106,920	133,156
Total share of accumulated losses from associated companies		
- Realised	(3,946)	(5,606)
- Unrealised	4,538	3,913
	592	(1,693)
	107,512	131,463
Less: Consolidation adjustments	4,314	(12,729)
<b>Total Group retained earnings as per statement of financial position</b>	<b>111,826</b>	<b>118,734</b>

The disclosure of realised and unrealised profits/(losses) above is solely for complying with the directive issued by Bursa Securities and should not be used for any other purposes.

**By Order of the Board**

Lily Yin Kam May  
Yeo Took Keat  
Company Secretaries

KUALA LUMPUR

DATE: 25 November 2013