FINANCIAL STATEMENTS 2011

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and providing management services. The principal activities of the Group consist of general and life insurance businesses, family takaful and all classes of general takaful businesses, investment holding, hire purchase, leasing and other credit activities, unit trust, property management, fund management and investment advisory, security and consultancy services.

There have been no significant changes in the nature of these activities for the Group and the Company during the financial year, other than the significant event as disclosed below and in Note 53(a) to the financial statements.

CHANGE OF NAME

On 5 October 2011, the Company changed its name to "MAA Group Berhad".

FINANCIAL RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit for the financial year	126,743	37,540

DIVIDENDS

No dividend was declared or paid by the Company since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Muhamad Umar Swift
Yeo Took Keat
Major General Datuk Lai Chung Wah (Rtd)
Dato' Sri Iskandar Michael bin Abdullah
General Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd)
Datuk Seri Razman Md Hashim bin Che Din Md Hashim
Tan Sri Ahmad bin Mohd Don
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Dr Zaha Rina Zahari

In accordance with Section 129(6) of the Companies Act, 1965, Major General Datuk Lai Chung Wah (Rtd) and Datuk Seri Razman Md Hashim bin Che Din Md Hashim retire and being eligible, offer themselves for re-election.

In accordance with Article 73 of the Company's Articles of Association, Muhamad Umar Swift, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and Tan Sri Ahmad bin Mohd Don retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2011	Acquired	Disposed	At 31.12.2011
Company				
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ("TY")				
- Indirect #	105,777,084	-	-	105,777,084
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY")				
- Indirect *	105,777,084	-	-	105,777,084
Tan Sri Ahmad bin Mohd Don	2,055,000	-	-	2,055,000
Datuk Seri Razman Md Hashim bin Che Din Md Hashim	150,000	-	-	150,000
Yeo Took Keat	80,000	-	-	80,000

Deemed interested by virtue of TY being the founder and ultimate beneficial owner of Khyra Legacy Berhad, the holding company of Iternum Melewar Sdn Bhd which is in turn a substantial shareholder of Melewar Equities Sdn Bhd. Melewar Equities Sdn Bhd is the holding company of Melewar Equities (BVI) Ltd, which is a substantial shareholder of the Company.

* Under Section 6A(4) of the Companies Act, 1965, TYY is deemed interested in Khyra Legacy Berhad's deemed interest in the Company by virtue of his family relationship with TY.

By virtue of the above mentioned Directors' interests in the shares of the Company, they are also deemed to have a substantial interest in the shares of the subsidiary companies of the Company to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than Directors' remuneration, fees paid to a company in which certain Directors have an interest and benefits provided to Directors as disclosed in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

For the purpose of the above paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the insurance subsidiary companies of the Company.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the gain on disposal of subsidiaries as disclosed in the "Significant Events During The Financial Year and Subsequent to the Financial Year End" below and in Note 53(a) to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made, other than as disclosed in the "Significant Events During The Financial Year and Subsequent to the Financial Year End" below and in Note 53(a) to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END

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

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

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

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

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END (CONTINUED)

(b) On 30 September 2011, the Company also announced that it became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements of Bursa Malaysia Securities Berhad 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 financial statements etc.

As an affected listed issuer, the Company is required pursuant to paragraph 4.1 of the PN17 of the Listing Requirements to announce details of the regularisation plan.

On 31 October 2011, 30 November 2011, 30 December 2011, 2 February 2012, 1 March 2012 and 2 April 2012, the Company announced that it is still in the midst of formulating a regularisation plan to regularise its financial condition ("Regularisation Plan") and that an announcement will be made once the Regularisation plan has been finalised. On 10 February 2012, the Company further clarified the Company's intention to undertake and formulate a self regularisation plan which will not result in a significant change in the business direction or policies of the Group. The Company has approximately five (5) months to submit its Regularisation Plan to the authorities for approval from the date of this report.

(c) On 5 October 2011, the Company changed its name to "MAA Group Berhad".

(d) On 27 February 2012, the Company announced that it and MAA International Assurance Ltd ("MAAIA"), a wholly owned subsidiary company of MAA Corporation Sdn Bhd ("MAA Corp") which in turn is a wholly owned subsidiary company of the Company, had entered into a conditional sale and purchase agreement ("SPA") with Tokio Marine Holdings, Inc ("TM"), for the disposal of 43.3% of the enlarged share capital in PT MAA Life Assurance ("PT MAAL") for a sale consideration of IDR27.4 billion (approximately RM9.1 million) arrived at on a "willing buyer-willing seller" basis, and after taking into account the unaudited net assets of PT MAAL of IDR5.1 billion (approximately RM1.7 million) as at 31 December 2011 ("Proposed Disposal of PT MAAL").

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

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

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 23 April 2012.

MUHAMAD UMAR SWIFT **DIRECTOR**	**YEO TOOK KEAT** **DIRECTOR**

Kuala Lumpur
23 April 2012