

1. Utilisation of Proceeds Raised from Corporate Proposal

- a) In 2004, the Company proposed a Renounceable Rights Issue of up to 152,176,876 new Irredeemable Preference Shares of RM1 each ("IPS") ("Rights IPS") together with up to 152,176,876 free Detachable Ordinary Shares of RM1 each ("Ordinary Shares") ("Bonus Shares") and up to 152,176,876 free Detachable Warrants ("Warrants") at an indicative issue price of RM2 per rights IPS, on the basis of one (1) Rights IPS with one (1) free detachable Bonus Share and one (1) free detachable Warrant for every one (1) existing ordinary share held in the Company at an entitlement date to be determined ("Rights Issue of IPS"). The Rights Issue of IPS was approved by the shareholders of the Company at the Extraordinary General Meeting held on 22 February 2005.

Given to the uncertain sentiments in the Malaysian equity market prevailing then, the Company with the approval of the Securities Commission ("SC") had extended the completion of the proposed Rights Issue of IPS twice, firstly from 3 June 2005 to 31 December 2005 and subsequently from 1 January 2006 to 30 June 2006.

On 3 May 2006, the Company announced that after taking into consideration the then market sentiments and the market performance of the ordinary shares of the Company, it has decided to abort the proposed Rights Issue of IPS.

Notwithstanding the abortion of the proposed Rights Issue of IPS, the Board of Directors of the Company on 3 May 2006 announced that the Company will proceed with the Proposed Bonus Issue of up to 152,176,876 new ordinary shares of RM1 each as fully paid on the basis of one (1) Bonus Share for every one (1) existing ordinary share held to the registered shareholders of the Company at the close of business on an entitlement date to be determined and announced later ("Proposed Bonus Issue").

The Proposed Bonus Issue will be issued via capitalization of up to RM152,176,876 from the following:

- (i) up to RM11,744,389 from share premium account of the Company; and
- (ii) up to RM140,432,487 from retained earnings of the Company.

The Proposed Bonus Issue was approved by the shareholders of the Company at the Annual General Meeting held on 21 June 2006.

The Company had on 19 July 2006 submitted an Application for listing of additional ordinary shares to be issued pursuant to the Proposed Bonus Issue to Bursa Malaysia Securities Berhad ("Bursa Securities"). The approval was obtained on 1 August 2006 from Bursa Securities.

152,176,876 new ordinary shares of RM1 each were subsequently allotted on 8 September 2006 pursuant to the Proposed Bonus Issue.

- (b) On 4 August 2006, the Company announced the Proposed Issuance of Commercial Papers ("CP") and/or Medium Term Notes ("MTN") Programme of up to RM200 million ("Proposed Programme").

The Proposed Programme will comprise the issuance of CP with tenors ranging from one (1) month to twelve (12) months and/or MTN with tenors of more than one (1) year but not exceeding seven (7) years. The proceeds from the Proposed Programme will be used in relation to financing the Company's investment in Takaful business, to repay certain existing bank borrowings of the Company and its subsidiaries, to finance redemption of its existing RM120 million Serial Fixed Rate Bonds maturing on 21 August 2007, to pre-fund the debt service reserve account to be established for the purposes of the Proposed Programme and to finance working capital of the Company.

The approval for the Proposed Programme was obtained on 28 August 2006 from the SC.

On 5 December 2006, the Company submitted an application to the SC for the following variations to the principal terms and conditions of the Proposed Programme:

- i) to secure the issuance under the Proposed Programme by a bank guarantee facility from DBS Bank Ltd, Labuan Branch ("DBS Bank") up to the maximum aggregate principal amount of the United States Dollars equivalent to RM200 million; and
- ii) to vary the utilization of proceeds of the Proposed Programme, where among others the Company's investment in Takaful business will be financed from internally generated fund

The SC has via its letter dated 22 December 2006 approved the above stated variations.

On 8 January 2007, the Company successfully issued RM200 million nominal amount of Medium Terms Notes up to a tenure of 5 years.

2. Share Buy-Back

The Company has not purchased any of its own shares during the financial year ended 31 December 2006 and the preceding financial year.

3. Options, Warrants or Convertible Securities

During the financial year ended 31 December 2006, there were no options, warrants or convertible securities exercised or converted by the Company.

4. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR)

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2006.

5. Sanctions and/or Penalties

Save as disclosed below, there were no sanctions and/or penalties imposed on the Company, its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2006:-

- (a) On 26 April 2006, Malaysian Alliance Assurance Berhad ("MAA"), a wholly owned subsidiary of the Company, was compounded by Bank Negara Malaysia ("BNM") for a sum of Ringgit Malaysia Fifty Thousand (RM50,000) for breach of Section 141(1) of the Insurance Act 1996 read together with Paragraph 65(1)(a) of the Insurance Regulations 1996, for failing to collect motor insurance premiums prior to issuance of cover notes to its direct customers. MAA accepted the compound and made payment to BNM within the stipulated time frame.
- (b) On 31 July 2006, MAA Credit Sdn Bhd ("MAAC"), a wholly owned subsidiary of MAA Corporation Sdn Bhd ("MAA Corp"), which is in turn a wholly owned subsidiary of the Company, paid the sum of RM22,475 and RM54,500 as penalties for under estimation of advance tax for year 2005 and late payment of tax for year 2005 respectively.
- (c) On 15 August 2006, MAAC paid a sum of RM150 as penalty for the late filing of financial statement for year 2005.
- (d) On 15 November 2006, High Sphere Sdn Bhd ("HSSB"), a wholly owned subsidiary of MAA Corp, was compounded by Companies Commission of Malaysia ("CCM") for a sum of RM150 for breach of Section 169(1) of the Companies Act 1965, for failing to present its profit and loss account at its annual general meeting. HSSB accepted the compound and made payment to CCM on 5 March 2007.

6. Non-Audit Fees

There was no non-audit fee paid to external auditors for the financial year ended 31 December 2006.

7. Variation in Results

The Company did not make or announce any profit forecast or projection during the financial year ended 31 December 2006. There was also no variation to the unaudited results which were announced for the financial year ended 31 December 2006.

8. Profit Guarantees

During the financial year ended 31 December 2006, there were no profit guarantees given by the Company.

9. Material Contracts

There was no material contracts (not being entered into in the ordinary course of business) entered into by the Group which involved directors and shareholders, either still subsisting at the end of the financial year ended 31 December 2006 or entered into since the end of the previous financial year.

10. Revaluation Policy

In the financial year ended 31 December 2006, the Company does not own any landed properties. The subsidiary companies that own landed properties revalued the properties in accordance with the requirements of the applicable approved accounting standards in Malaysia and relevant regulatory authorities.

Other Bursa Securities Compliance Information (continued)

Recurrent Related Party Transactions of a Revenue or Trading Nature

On 21 June 2006, the Company sought approval for a shareholders' mandate for MAAH Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 30 May 2006) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the Listing Requirements of Bursa Securities.

The aggregate value of transactions conducted during the financial year ended 31 December 2006 are :-

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transaction (1/1/2006-31/12/2006) RM'000
Malaysian Assurance Alliance Berhad (MAA)	Office rental income received and receivable	Trace Management Services Sdn Bhd (Trace)	A company in which TA, TI and TY* have deemed interest by virtue of their substantial interest in The Melewar Corporation Berhad, the substantial shareholder of Trace	87
		Melewar Group Berhad (MGB)	A company in which TA, TI and TY are directors and major shareholders	72
		Green Silk Sdn Bhd	A company in which TA is a director and major shareholder	128
		Melewar Equities Sdn Bhd (MESB)	A major shareholder of the Company	35
		Melewar Apex Sdn Bhd	A company controlled by Tunku Soraya binti Tunku Abdullah, who is the daughter of TA and sister of TI and TY	45
		Mitra Malaysia Sdn Bhd (Mitra)	A company in which TI is a director and has deemed interest by virtue of his substantial interest in Melewar Leisure Sdn Bhd, the holding company of Mitra	20
		MAAKL Mutual Bhd (MAAKL Mutual)	A 70% subsidiary of the Company and 20% owned by Khyra Liberty Sdn Bhd, a company controlled by TY	478
		Pacific World Travel Sdn Bhd (PWT)	A company in which TI is a director and has deemed interest by virtue of his substantial interest in Melewar Leisure Sdn Bhd, the holding company of PWT	17
		MAA Bancwell Trustee Berhad (MAA Bancwell)	An associated company and a company in which TA, TI and TY have deemed interest by virtue of their substantial shareholdings in MGB, a shareholder of MAA Bancwell	40
MAA	Office rental expenses paid and payable	Central Market Development Sdn Bhd (CMD)	A company in which TI has deemed interest by virtue of his substantial interest in Melewar Leisure Sdn Bhd, the holding company of CMD	61
MAAH Group	Purchase of air tickets and travel package paid and payable	Mitra	A company in which TI is a director and has deemed interest by virtue of his substantial interest in Melewar Leisure Sdn Bhd, the holding company of Mitra	3,374
MAAH Group	Corporate secretarial and related services fees paid and payable	Trace	A company in which TA, TI and TY have deemed interest by virtue of their substantial interest in The Melewar Corporation Berhad, the substantial shareholder of Trace	242
MAA	Collection agent fees received and receivable	MAAKL Mutual	A 70% subsidiary of the Company and 20% owned by Khyra Liberty Sdn Bhd, a company controlled by TY	7
MAAGNET	Provision of Information Technology Services	MAAKL Mutual	A 70% subsidiary of the Company and 20% owned by Khyra Liberty Sdn Bhd, a company controlled by TY	424

Other Bursa Securities Compliance Information (continued)

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transaction (1/1/2006-31/12/2006) RM'000
MAAGNET	GIMS system support and maintenance fee	MAA General Assurance Philippines, Inc.	An associated company and a company in which TY is deemed interested via his substantial interest in MAAH	51
MAAH	Management fee	MAAKL Mutual	A 70% subsidiary of the Company and 20% owned by Khyra Liberty Sdn Bhd, a company controlled by TY	48
		MAA Bancwell	An associated company and a company in which TA, TI and TY have deemed interest by virtue of their substantial shareholdings in MGB, a shareholder of MAA Bancwell	350
Wira Security Services Sdn Bhd	Provision of security services	Mycron Steel Berhad (Mycron)	A company in which TI and TY are directors of Mycron. TY is deemed interest in Mycron by virtue of his substantial shareholding in MIG, the holding company of Mycron. TI is deemed interested in Mycron by virtue of his family relationship with TY	124
		Melewar Industrial Group Berhad (MIG)	A company in which TA, TI and TY are directors of MIG. TY is deemed interested in MIG by virtue of his substantial interest in MESB, who in turn is the major shareholder of MIG	135
MAA Corporate Advisory Sdn Bhd	Provision of corporate advisory services	MIG	A company in which TA, TI and TY are directors of MIG. TY is deemed interested in MIG by virtue of his substantial interest in MESB, who in turn is the major shareholder of MIG	18
MAAH Group	Trustee fees paid and payable	MAA Bancwell	An associated company and a company in which TA, TI and TY have deemed interest by virtue of their substantial shareholdings in MGB, a substantial shareholder of MAA Bancwell	164

Notes :-

- * TA is Tunku Tan Sri Abdullah Ibni Almarhum Tuanku Abdul Rahman
TI is Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah
TY is Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

** MIG is Melewar Industrial Group Berhad