

Director's Report

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 2008.

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.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	<u>(70,002)</u>	<u>(57,604)</u>

DIVIDENDS

No dividend was declared or paid since the end of the previous financial year and the board of 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 Tan Sri Abdullah Ibni Almarhum Tuanku Abdul Rahman (demised on 20.08.2008)
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Major General Lai Chung Wah (Rtd)
Dato' Iskandar Michael bin Abdullah
General Dato' Sri Hj Suleiman bin Mahmud (Rtd)
Tan Sri Ahmad bin Mohd Don
Datuk Razman Md Hashim bin Che Din Md Hashim
Muhamad Umar Swift
Yeo Took Keat
Dr Zaha Rina binti Zahari

In accordance with Section 129(6) of the Companies Act, 1965, Major General Lai Chung Wah (Rtd) and Datuk 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, Dato' Iskandar Michael bin Abdullah, Tan Sri Ahmad bin Mohd Don and Muhamad Umar Swift retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Director's Report (continued)

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:

Company	Number of ordinary shares of RM1 each			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- Direct	1,237,500	-	-	1,237,500
- Indirect *	103,778,684	760,900	-	104,539,584
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
- Indirect *	103,778,684	-	-	103,778,684
Tan Sri Ahmad bin Mohd Don	1,000,000	250,000	-	1,250,000
Datuk Razman Md Hashim bin Che Din Md Hashim	80,000	70,000	-	150,000
Yeo Took Keat	80,000	-	-	80,000

* Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965, held through Melewar Equities Sdn Bhd, Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd, companies in which the above mentioned Directors have a direct/indirect interest.

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 30 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 income statements and balance sheets 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.

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; 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 12 June 2008, MAA International Assurance Ltd ("MAAIA"), a wholly-owned subsidiary company of MAA Corporation Sdn Bhd which is in turn a wholly-owned subsidiary of the Company, disposed a total of 6,446,918 ordinary shares of Rp1,000 each, representing 34% equity interest in PT MAA General Assurance ("PT MAAG") to Mr. Ng Feby Antonious ("Feby"), a minority shareholder of PT MAAG, for a total cash consideration of RM252,188 pursuant to an Option granted by MAAIA to Feby via the Shareholders' Agreement dated 6 September 2001.

Upon completion of the disposal, MAAIA's equity interest in PT MAAG reduced from 94% to 60%.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (b) To meet the Indonesian insurance regulation minimum net equity requirements by 31 December 2008, MAAIA converted subordinated loans and injected new capital on 31 October 2008 and 18 December 2008 respectively to PT MAAG and PT MAA Life Assurance ("PT MAAL"). Arising from these capital exercises, the paid up capital of PT MAAG and PT MAAL increased by Rp25,702,727,000 (equivalent to RM9,407,855) and Rp69,396,700,000 (equivalent to RM25,617,325) respectively.

Upon completion of the capital exercises, MAAIA's equity interest in PT MAAG and PT MAAL increased from 60% to 83% and 98% to 99.5% respectively.

- (c) On 10 November 2008, the Company announced the entering into a non-binding memorandum of understanding ("MOU") between Malaysian Assurance Alliance Berhad ("MAA") (a wholly-owned subsidiary company) and AMG Insurance Berhad ("AMG") to formalise discussions on the disposal of the General Insurance Business of MAA to AMG at a headline price of RM274.8 million (subject to adjustments) and the acquisition of a 4.9% stake in MAA Takaful Berhad by AMG for a total consideration of RM16.2 million (collectively "Proposed Transactions").

The Proposed Transactions is subject to the approvals being obtained from the following:

- (i) Bank Negara Malaysia ("BNM") for the scheme of transfer under the business transfer agreement;
- (ii) Minister of Finance, based on the recommendation of BNM, pursuant to the Insurance Act, 1996;
- (iii) Foreign Investment Committee (if required);
- (iv) Securities Commission (if required);
- (v) Malaysian High Court for the confirmation of scheme of transfer;
- (vi) Shareholders of the Company

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 20 April 2009.

MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur
20 April 2009