

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 2009.

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

	<u>GROUP</u>	<u>COMPANY</u>
	RM'000	RM'000
Profit for the financial year	<u>52,812</u>	<u>24,265</u>

DIVIDENDS

No dividend was declared or paid 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' Iskandar Michael bin Abdullah
 General Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd)
 Datuk 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 binti Zahari

In accordance with Section 129(6) of the Companies Act, 1965, Major General Datuk 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, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Yeo Took Keat and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' 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			At
	1.1.2009	Acquired	Disposed	31.12.2009
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- Direct	1,237,500	-	-	1,237,500
- Indirect *	104,539,584	-	-	104,539,584
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
- Indirect *	104,539,584	-	-	104,539,584
Tan Sri Ahmad bin Mohd Don	1,250,000	805,000	-	2,055,000
Datuk Razman Md Hashim bin Che Din Md Hashim	150,000	-	-	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, other than as disclosed in Note 21 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 Note 2 (a) to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 10 November 2008, the Company announced the entering into a non-binding memorandum of understanding ("MoU") between its wholly-owned subsidiary company, Malaysian Assurance Alliance Berhad ("MAA") and AMG Insurance Berhad ("AMG") to formalise discussions on the proposed acquisition by AMG of the General Insurance Business of MAA at a headline price of RM274.8 million (subject to adjustments), and the acquisition of a 4.9% stake in a 75% owned subsidiary company, MAA Takaful Berhad ("MAA Takaful") for a total consideration of RM16.2 million, equivalent to RM3.30 per share (collectively "Proposed Transactions").

The Proposed Transactions are subject to 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 ("SC") (if required);
- (v) Malaysian High Court for the confirmation of scheme of transfer; and
- (vi) Shareholders of the Company

On 26 February 2009, the Company announced that both MAA and AMG were working towards finalising a business transfer agreement ("BTA") in relation to the proposed disposal of the General Insurance Business of MAA prior to submission of the said agreement to BNM for approval.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

On 24 April 2009, the Company announced that the headline price was revised to RM254.8 million (subject to adjustments) and an application to BNM seeking its approval for the proposed disposal of the General Insurance Business of MAA to AMG ("the Proposed Disposal") was submitted. The execution of the BTA was subject to BNM's approval which is currently pending. The Company and MAA had also granted AMG an extension of 120 days to the exclusivity period under the MoU.

On 27 April 2009, the Company submitted an application to the SC on the Proposed Disposal.

On 21 July 2009, the Company announced that the SC approved the Proposed Disposal via its letter dated 20 July 2009 (which was received on 21 July 2009). However, the Proposed Disposal was still subject to the approval from BNM and shareholders of the Company.

On 17 November 2009, the Company announced that after further negotiations, the headline price was revised to RM180 million (subject to adjustments). The revised headline price was arrived at after taking into consideration the standalone value of the General Insurance Business without a strategic co-operation arrangement on the takaful business with MAA Takaful. The profit for the financial year ended 31 December 2009 and prior to the completion date of the General Insurance Business of MAA will be recognised in the books of MAA accordingly.

An application in respect of the revised terms of the Proposed Disposal was submitted to BNM for approval. On 6 January 2010, the Company announced that BNM had via its letter dated 5 January 2010 granted its approval on the Proposed Disposal pursuant to Section 130 of the Insurance Act, 1996. On 12 February 2010, the Company further announced that the SC had approved the revised indicative headline price of RM180 million (subject to adjustments) for the Proposed Disposal via its letter dated 10 February 2010.

- (b) On 13 January 2009, the Board of Directors of the Company announced that its wholly-owned subsidiary company, MAA Corporation Sdn Bhd ("MAA Corp"), had on the same day disposed its entire equity in a dormant subsidiary, Maapple Eldercare Sdn Bhd, for a cash consideration of RM10, being the paid up capital of the company.
- (c) On 24 August 2009, MAA Corp disposed its 100% equity interest in a subsidiary company, Valiant Properties Sdn Bhd ("VPSB") for a cash consideration of RM182,000 (based on VPSB's net assets as at 31 March 2009), arrived at on a willing buyer willing seller basis to K.K. Point Sdn Bhd ("KKSBB") via a Sale of Share Agreement entered into on event date, including an amount of RM1,229,000 to be paid by KKSBB to MAA Corp as agreed settlement for the inter-company debt as at 31 March 2009 due by VPSB to MAA Corp. The sale was completed on 6 April 2010.
- (d) On 28 December 2009, MAA Corp disposed its 100% equity in six (6) dormant subsidiary companies, namely Jendela Sutera Sdn Bhd, Mytele Direct Sdn Bhd, MAA Cash Converter Sdn Bhd, Daman Development Sdn Bhd, Ukay Sentral Sdn Bhd and MAA Financial Advisors Sdn Bhd, for a cash consideration of RM1 each totaling RM6.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Company announced on 29 April 2010 that its wholly-owned subsidiary, MAA, had received approval from BNM vide BNM's letter dated 11 March 2010 for MAA to undertake the necessary measures to meet the minimum supervisory target level of capital adequacy ratio that is required to be maintained by all insurers under the Risk-Based Capital Framework, as further explained in Note 2(a) to the financial statements.

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 29 April 2010.

MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur
29 April 2010