

DIRECTORS' 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 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and providing management services, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year, other than the significant events as disclosed in Note 50 to the financial statements.

FINANCIAL RESULTS

The results of the operations of the Group and the Company for the financial year were as follows:

	GROUP	COMPANY
	RM'000	RM'000
Profit for the financial year attributable to:		
- Owner of the Company	16,742	10,024
- Non-controlling interests	1,051	-
	17,793	10,024

DIVIDENDS

In respect of the financial year ended 31 December 2014, the following dividend payments were made:

- a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,131,000 on 18 April 2014; and
- a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,131,000 on 31 July 2014.

The Directors do not recommend the payment of any final dividend for the current financial year.

On 2 April 2015, the Directors has proposed the payment of first interim dividend of 3 sen per share under the single-tier dividend system, in respect of the financial year ending 31 December 2015.

RESERVES AND PROVISIONS

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

TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed at the annual General Meeting on 20 June 2014, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year ended 31 December 2014, the Company repurchased a total 2,025,200 (2013: Nil) ordinary shares of its issued ordinary shares from the open market at an average price of RM0.65 (2013: Nil) per share. The total repurchased consideration paid for the share buy-back including transaction costs amounted to RM1,311,689 (2013: Nil) and were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at purchase cost.

As at 31 December 2014, the number of treasury shares held was 2,025,200 (2013: Nil) ordinary shares of RM1 each.

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
 Datuk Muhamad Umar Swift
 Yeo Took Keat
 Tan Sri Datuk Seri Razman Md Hashim
 Tan Sri Ahmad bin Mohd Don
 Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
 Dato' Narendrakumar Jasani A/L Chunalal Rugnath
 Onn Kien Hoe

DIRECTORS' REPORT

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DIRECTORS (continued)

In accordance with Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Seri Razman Md Hashim retires and being eligible, offers himself for re-election.

In accordance with Article 73 of the Company's Articles of Association, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and Yeo Took Keat 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 the shares of the Company are as follows:

Company	Number of ordinary shares of RM1.00 each			
	At 1.1.2014	Acquired	Disposed	At 31.12.2014
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
Tan Sri Datuk Seri Razman 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 who is in turn a substantial shareholder of Melewar Equities Sdn Bhd. Melewar Equities Sdn Bhd is the holding company of Melewar Equities (BVI) Ltd.

* 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 subsidiaries 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 any 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 32 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- 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
- 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 the Company had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

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STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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 the 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 the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (a) any charge on the assets of the Group or the 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 the Company which has arisen since the end of the financial year.

No contingent liability 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 substantially 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 liabilities or other liabilities do not include liabilities arising from contracts of insurance/takaful underwritten in the ordinary course of business of the insurance/takaful subsidiaries of the Company.

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" in this report and in Note 50 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 the 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" in this report and in Note 50 to the financial statements.

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

- (a) On 30 September 2013, the Company announced that an amount of RM55.1 million had been retained in the escrow account with regards to the sale of the former Malaysian Assurance Alliance Berhad ("MAA Assurance") to Zurich Insurance Company Ltd ("Zurich") until Zurich's remaining outstanding claims are resolved.

Zurich's remaining outstanding claims were related to alleged breach of warranties and indemnities ("Zurich's Counterclaims"), of which a provision of RM45.0 million had been made in the financial year ended 31 December 2013. The said provision amount was based on both parties' ongoing settlement negotiations.

On 1 August 2014, the Company entered into a second settlement agreement with Zurich for the settlement of Zurich's Counterclaims that included, inter-alia, the following salient terms:

- (i) Without any admission of liability or wrongdoing on the part of either party, the parties agree to settle the disputes in relation to Zurich's Counterclaims through the payment of RM32.5 million to Zurich from the escrow account, and the balance escrow monies of approximately RM23.9 million as at 30 July 2014 including interest accrued thereon (if any) shall be released to the Company.
- (ii) With effect from the date that the payments are made to Zurich and the Company, the disputes in relation to Zurich's Counterclaims shall be fully and finally settled ("Settlement Date").
- (iii) With effect from the Settlement Date, the parties agree to discontinue the arbitration proceedings with respect to Zurich's Counterclaims and shall bear the Singapore International Arbitration Centre ("SIAC") costs in equal proportions.

On 29 August 2014, the Company announced it had discontinued the arbitration proceedings against Zurich following both parties' agreement subsequent to the second settlement agreement.

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

- (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 Assurance.

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 PN17 of the Listing Requirements to announce details of the regularisation plan. Since November 2012, the Company has submitted applications to Bursa Malaysia Securities Berhad ("Bursa Securities") for extension of time to submit a regularisation plan as it is still in the midst of formulating the said plan.

Bursa Securities has granted approvals for the extension of time with the last extension up to 31 January 2015 for the Company to submit a regularisation plan, subject to the Requisite Announcement being made by 31 December 2014 ("Extension of Time").

The Extension of Time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

- (i) The Company fails to make the Requisite Announcement on or before 31 December 2014;
- (ii) The Company fails to submit a regularisation plan to the regulatory authorities on or before 31 January 2015;
- (iii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iv) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iv) above, Bursa Securities shall suspend the trading of the listed securities of the Company on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

On 30 December 2014, the Company announced to undertake a regularisation plan that include, inter-alia the proposed settlement of all obligations and liabilities of PT MAA General Assurance ("PT MAAG") and subsequent proposed divestment/dissolution of the company, proposed subscription of additional equity interest in an associated company, Columbus Capital Pty Ltd ("CCAU") which will effectively increase the Group's equity interest in CCAU from 47.95% to 55%; and proposed splitting of the composite license of MAA Takaful Berhad into two (2) separate entities.

Further on 30 January 2015, the Company announced that a fresh application for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements has been submitted to Bursa Securities on even date. The Application is subject to Bursa Securities' consideration and announcement in relation to the outcome will be released in due course.

On 23 March 2015, the Company announced that Bursa Securities has, vide its letter dated 23 March 2015, granted an extension of time of up to 30 June 2015 for the Company to submit a regularisation plan ("Extension of Time").

The Extension of Time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

- (i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 30 June 2015;
- (ii) The Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon 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 on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

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

- (c) On 14 April 2014, MAA Corporation Sdn Bhd ("MAA Corp"), a wholly-owned subsidiary of the Company, entered into a share sale agreement ("SSA") with AEC College Pte Ltd ("AEC") to acquire 30% interest in Pusat Tuisyen Kasturi Sdn Bhd ("PTKSB") and Keris Murni Sdn Bhd ("KMSB") ("Proposed Acquisition") for a total cash consideration of RM1.6 million. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the aggregate profit after taxation of PTKSB and KMSB of RM658,000 based on the audited financial statements for the financial year ended 31 December 2013.

The remaining 70% interest in PTKSB and KMSB is held by MAA Credit Berhad ("MAA Credit"), being a wholly-owned subsidiary of MAA Corp, pursuant to the exercise of its power of attorney on 2 October 2012 that formed part of the debt recovery action taken by MAA Credit against its borrower for defaulted loan.

The Proposed Acquisition was completed on 21 April 2014 and consequently, PTKSB and KMSB became wholly-owned subsidiaries of the Group.

- (d) On 3 July 2014, MAA Corp disposed off its entire equity interest held in a dormant subsidiary, Chelsea Parking Services Sdn Bhd that has ceased operations for at a total cash consideration of RM10, arrived at on a willing-buyer and willing-seller basis to external parties.
- (e) On 2 October 2014, MAA Credit disposed its entire equity interest held in a subsidiary, Nilam Timur Sdn Bhd ("NTSB") for a total cash consideration of RM10 together with a RM1.5 million full and final cash settlement of the outstanding loan due to MAA Credit.
- (f) On 24 December 2014, MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary of MAA Corp entered into a Share Sale Agreement with Datuk Rashid bin Ghazalli to dispose its 51% equity interest held in MAACA Labuan Ltd ("MAACA Labuan"), for a total cash consideration of RM66,776, arrived at on a willing-buyer and willing-seller basis after taking into consideration the net assets of MAACA Labuan as at 30 November 2014 of RM66,776.

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 2015.

DATUK MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur
23 April 2015