

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 2015.

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 49 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/(loss) for the financial year attributable to:		
- Owner of the Company	24,630	(17,117)
- Non-controlling interests	(1,539)	-
	<u>23,091</u>	<u>(17,117)</u>

DIVIDENDS

In respect of the financial year ended 31 December 2015, the following dividend payments were made:

- (a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,000,302 on 30 April 2015; and
- (b) a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,785,634 on 9 October 2015.

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

The Company paid a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,712,698 on 31 March 2016 in respect of the financial year ending 31 December 2016.

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 28 May 2015, 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 share buy-back plan can be applied in the best interest of the Company and its shareholders.

During the financial year ended 31 December 2015, the Company purchased a total 10,145,100 (2014: 2,025,200) ordinary shares of RM1 each of its issued share capital from the open market at an average price of RM0.71 (2014: RM0.65) per share. The total purchase consideration paid for the share buy-back including transaction costs amounted to RM7,178,435 (2014: RM1,311,689) and were financed by internally generated funds. The shares so purchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at purchase cost.

On 1 December 2015, the Company cancelled 11,661,500 of its treasury shares in accordance with Section 67A of the Companies Act, 1965. Accordingly, the Company's issued share capital was diminished by cancellation of the said treasury shares.

As at 31 December 2015, the number of treasury shares held was 508,800 (2014: 2,025,200) ordinary shares of RM1 each. Further information is disclosed in Note 20 to the financial statements.

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DIRECTORS

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

Tunku Dato' Yaacob Khyra
 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 Chunilal Rugnath
 Onn Kien Hoe

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 113(1) of the Company's Articles of Association, Tunku Dato' Yaacob Khyra and Dato' Narendrakumar Jasani A/L Chunilal Rugnath 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 1.1.2015	Acquired	Disposed	At 31.12.2015
Tunku Dato' Yaacob Khyra ("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, being the holding company of Melewar Khyra Sdn Bhd, Melewar Equities Sdn Bhd and Melewar Equities (BVI) Ltd, who are the substantial shareholders 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 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 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

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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 the 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 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 as disclosed in the "Significant Events During The Financial Year And Subsequent To The Financial Year End" in this report and in Note 49 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 49 to the financial statements.

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

- (a) 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 Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

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.

Pursuant to Paragraph 8.04(3) of the Listing Requirements, the Company is required to regularise its condition by undertaking a regularisation plan. The regularisation plan was required to be submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 September 2012, and was subsequently extended until 30 June 2016 via Bursa Securities' letters dated 18 February 2016, 4 August 2015, 23 March 2015, 21 October 2014, 11 March 2014, 1 August 2013 and 20 December 2012.

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

The Extension of Time of up to 30 June 2016 for the Company to submit a regularisation plan 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 2016;
- (ii) The Company fails to obtain 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.

- (b) On 20 May 2015, MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary of MAA Corporation Sdn Bhd ("MAA Corp"), who in turn a wholly owned subsidiary of the Company, disposed its entire equity interest held in a dormant subsidiary, MAACA Corporate Services Sdn Bhd ("MAACACS") that has ceased operations for a total cash consideration of RM10, arrived at on a willing-buyer and willing-seller basis after taking into considerations the net assets of MAACACS as at 30 April 2015 of RM10.
- (c) On 16 June 2015, the Company announced that Bank Negara Malaysia ("BNM") had via its letter dated 15 June 2015 stated it has no objection in principle for the Company, Solidarity Group Holding BSC (Closed) ("Solidarity") (holding 25% equity interest in MAA Takaful Berhad ("MAA Takaful")) and Zurich Insurance Company Ltd ("Zurich") to commence negotiations for the proposal disposal of 100% equity interest held in MAA Takaful ("Proposed Disposal"). The Company, Solidarity and Zurich would be required to obtain the prior approval of the Minister of Finance, with the recommendation of BNM, pursuant to the Islamic Financial Services Act 2013, before entering into any agreement to effect the Proposed Disposal.

On 30 November 2015, the Company announced that it has jointly with Solidarity and Zurich submitted an application to BNM for approval of the Minister of Finance pursuant to the Islamic Financial Services Act 2013, to enter an agreement for the Proposal Disposal. The said application is still being reviewed by BNM.

- (d) On 8 September 2015, MAA Corp and ePROTEA MSC Sdn Bhd (now known as Finexus Sdn Bhd) ("the Purchaser") had entered into a conditional Share Sale Agreement ("SSA") for the disposal of the entire issued share capital of MAA Cards Sdn Bhd ("MAA Cards") ("Sale Shares"). The completion of the SSA is inter alia, conditional upon the parties' obtaining all necessary consents, approvals or clearance from the regulatory authorities for the acquisition of the Sale Shares by the Purchaser. Subject to fulfillment of the conditions precedent under the SSA and upon completion of the disposal, MAA Cards will cease to be a subsidiary of the Group. The total consideration for the Sale Shares shall be the aggregate of RM1,000,000 and the amount equivalent to the final net current assets of MAA Cards on the completion date.

On 21 March 2016, the Company announced that BNM has via its letter dated 18 March 2016 granted its approval for the disposal of MAA Cards. The Group has completed the disposal on 31 March 2016.

- (e) On 14 September 2015, the Company announced that PT MAA General Assurance ("PT MAAG") received a letter dated 10 September 2015 from Otoritas Jasa Keuangan ("OJK"), the Indonesia Financial Services Authority, informing PT MAAG that its operating license has been revoked with effect from 3 September 2015. OJK performs its regulatory and supervisory duties over financial services activities including insurance activities in Indonesia. Based on the terms and conditions contained in the said letter, PT MAAG was required to appoint a liquidator or form a liquidation team within 30 days from the date of the revocation letter. PT MAAG has submitted an application to OJK to seek extension of time till end of November 2015 to appoint a liquidator.

On 30 September 2015, PT MAAG passed a members' resolution to approve the dissolution and winding up of the company. On 1 December 2015, Tuan Dharma Azhar Damanik, S.H. and Tuan Romanus Muda Kota, S.H. of SRD & Co Lawyers were appointed as liquidators to facilitate the member's voluntary winding up of PT MAAG.

Following the appointment of the liquidators, the Company relinquished its control and involvement in the operation and financial matters of PT MAAG to the liquidators. Accordingly, PT MAAG ceased to be a subsidiary of the Group with effect from 1 December 2015 and has been deconsolidated from group consolidated accounts on that date. Further information is disclosed in Note 38 to the financial statements.

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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 15 April 2016.

DATUK MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur
15 April 2016