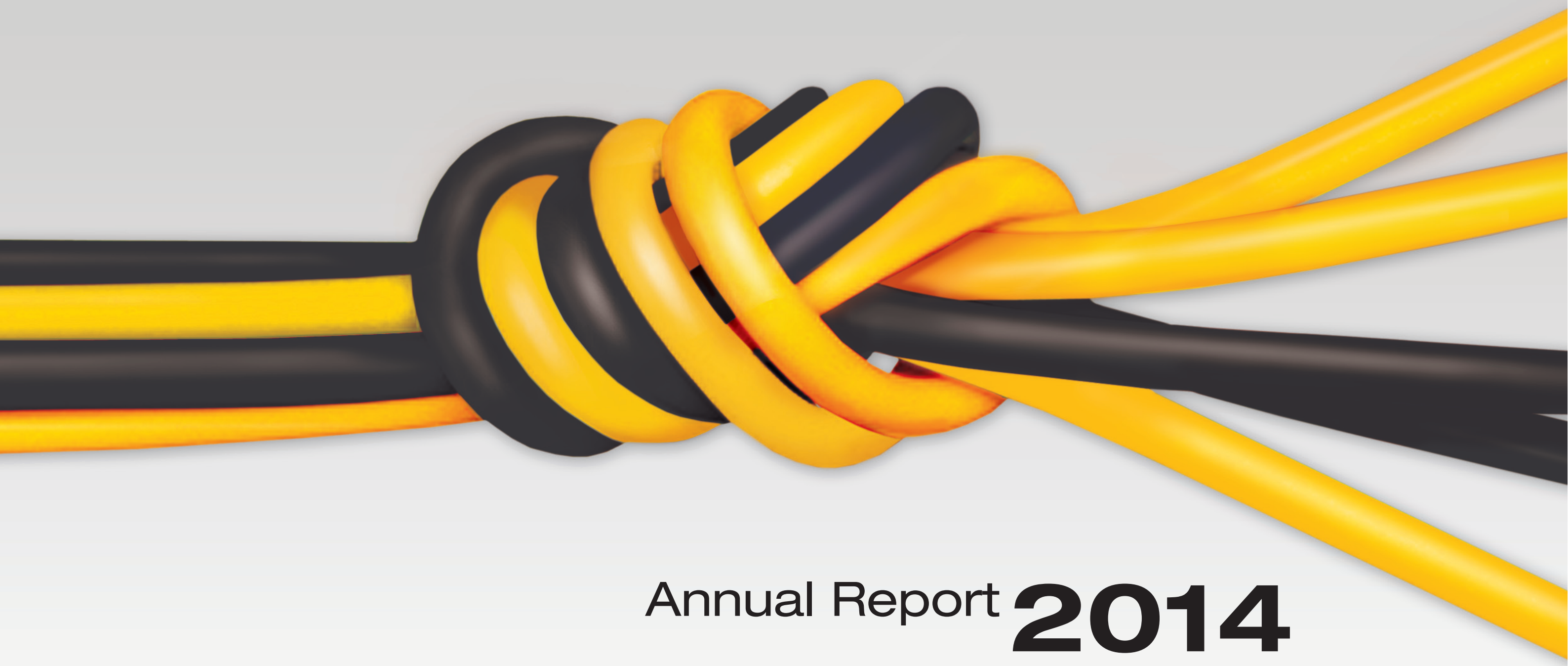
MAA GROUP BERHAD
(471403-A)



Annual Report 2014

CONTENTS

MISSION STATEMENT

MAA Group's Mission is to be the Number One Private Sector Financial Services Company in Malaysia.

This means, Giving our Best to what is Right and Noble, Using Wisdom in all that we Undertake, and Achieving Supremacy in Everything we Manage. MAA is "Mulia Arif Agung" - "Honour Wisdom Strength".

FINANCIAL HIGHLIGHTS

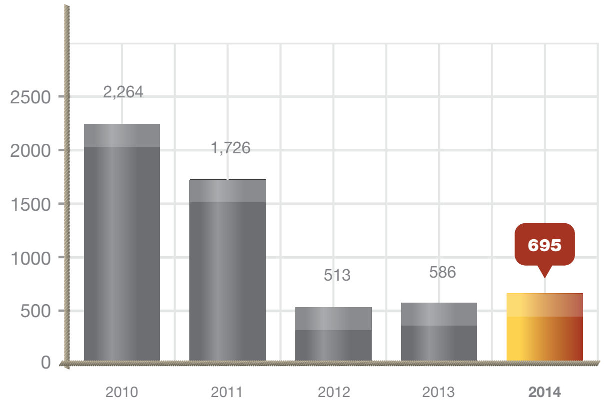
FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

Year Ended 31 December	2014	2013	2012	2011	2010
Income Statements (RM' million)					
Operating Revenue	**695**	586	513	1,726[1]	2,264
Profit Before Taxation	**19**	9	39	143[1]	37
Statement of Financial Position (RM' million)					
Total Assets	**1,560**	1,359	1,243	1,130[1]	8,584
Total Borrowings	**-**	5	4	9	216
Shareholders' Equity	**424**	431	427	380	265
Financial Ratios					
Return on Capital Employed	**4.4%**	2.0%	8.9%	36.8%	9.7%
Return on Total Assets	**1.2%**	0.6%	3.1%	12.7%	0.6%
Earnings per Share (sen)	**5.6**	1.6	14.0	37.8	9.0
Net Asset per Share (RM)	**1.4**	1.4	1.4	1.3	0.9

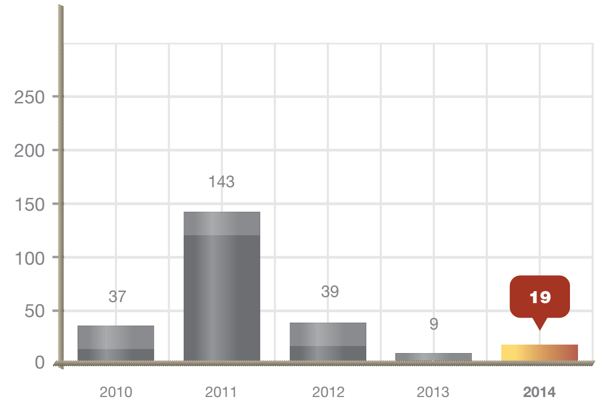
(1) Following the completion of the sale of Malaysian Assurance Alliance Berhad, Malaysian Alliance Property Services Sdn Bhd, Maagnet Systems Sdn Bhd, Maagnet SSMS Sdn Bhd and Multioto Services Sdn Bhd to Zurich Insurance Company Ltd on 30 September 2011, only nine (9) months results were included in the financial year ended 31 December 2011

FINANCIAL HIGHLIGHTS
(continued)

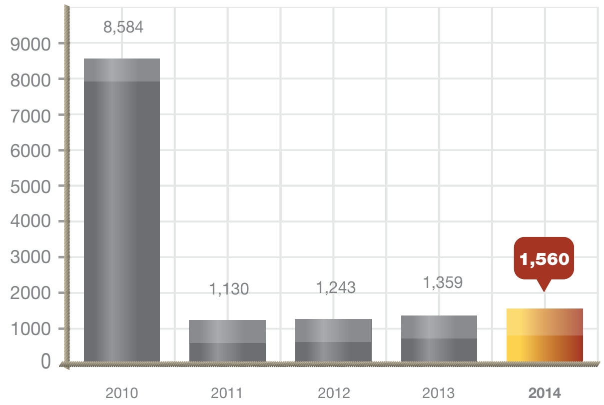
Operating Revenue (RM mil)



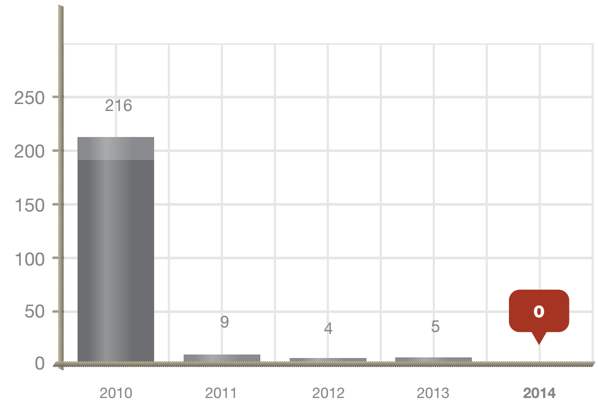
Profit Before Taxation (RM mil)



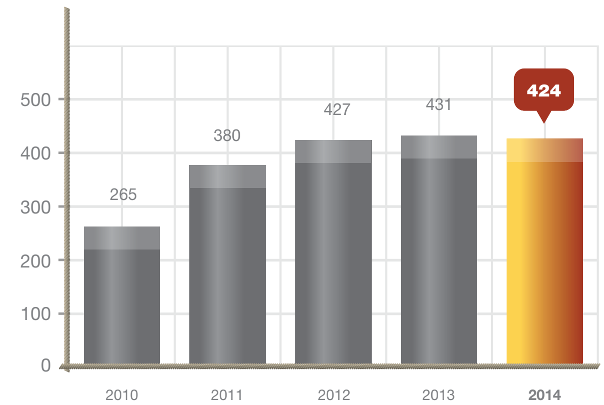
Total Assets (RM mil)



Total Borrowings (RM mil)



Shareholders' Equity (RM mil)



BOARD OF DIRECTORS' PROFILE

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
Aged 54, Malaysian
Executive Chairman

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah has been a Director since its inception in November 1998. He was appointed as the Group Managing Director/Chief Executive Officer in 1999. Subsequently, he was re-designated as Executive Chairman of the Company on 28 August 2008. He currently holds the position of Executive Chairman of Mycron Steel Berhad ("MSB") and Melewar Industrial Group Berhad ("MIG").

Tunku Dato' Ya'acob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

Tunku Dato' Ya'acob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Ya'acob joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Ya'acob is a Board Member of MIG, MSB, Melewar Group Berhad, Khyra Legacy Berhad and Ithmaar Bank B.S.C. (listed on the Bahrain Stock Exchange) and several private limited companies. His shareholdings in the Company is disclosed on page 194 of the Annual Report.

Tunku Dato' Ya'acob is the Chairman of the Board of Trustees for MAA Medicare Charitable Foundation and The Budimas Charitable Foundation. He also sits on the Executive Board of Federation of Public Listed Companies Berhad (FPLC) as Vice President.

Tunku Dato' Ya'acob does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Ya'acob does not have any conflict of interest with the Company and he has had no convictions for any offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE
(continued)

DATUK MUHAMAD UMAR SWIFT
Aged 50, Permanent Resident
Chief Executive Officer/
Group Managing Director

Datuk Muhamad Umar Swift was appointed as Chief Executive Officer ("CEO")/Group Managing Director of MAA Group Berhad on 7 September 2006.

Datuk Umar started his career with Price Waterhouse as a Chartered Accountant in January 1986. He has more than 22 years experience in the areas of banking and financial services. He began his career in the banking industry in November 1992 as Manager, Corporate Finance in Bank of Singapore (Australia) Limited.

He then went on to hold numerous positions within the bank before joining Gas Malaysia Sdn Bhd in January 1996 as General Manager, Corporate Finance. A year later, he was promoted to CEO of Gas Malaysia in 1997. Datuk Umar left Gas Malaysia in January 2002 to become a Practice Leader for the Utilities Business of Deloitte Consulting in Malaysia.

In April 2004, he joined Maybank as Executive Vice President – Head, Enterprise Financial Services Group. In May 2006, Datuk Umar left Maybank and joined the Company as Deputy CEO.

Datuk Umar was appointed as Acting CEO of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysia Berhad) in August 2007 and appointed as CEO of MAA in August 2008. He ceased to be the CEO of MAA when MAA was sold to Zurich Insurance Company Ltd on 30 September 2011, and remained as CEO/Group Managing Director of MAA Group Berhad.

Datuk Umar graduated with a Bachelor of Economics from Monash University, Clayton, Australia in December 1985 and is an Associate of the Institute of Chartered Accountants in Australia, a member of CPA Australia, a Fellow of the Taxation Institute of Australia, as well as a Fellow of the Financial Services Institute of Australasia in Australia. He is also a Chartered Accountant with the Malaysian Institute of Accountants and a Registered Financial Planner.

Currently, Datuk Umar is a Board Member of MAA Takaful Berhad and Columbus Capital Pty Ltd. He also sits on the Board of several private limited companies in the group.

Datuk Umar is also a Member of the Board of Trustees for MAA Medicare Charitable Foundation, the Board of Trustees for The Budimas Charitable Foundation as well as a Member of the Anaho Foundation.

Datuk Umar does not have any personal interest in any business arrangements involving the Company.

Datuk Umar does not have any family relationship with any Director and/or major shareholders of the Company. He also does not have any shareholding in the Company and he has had no convictions for any offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE
(continued)

Yeo Took Keat
Aged 57, Malaysian
Executive Director
Group Chief Operating Officer

Mr Yeo Took Keat was appointed to the Board on 24 February 2005.

Mr Yeo has vast experience in accounting and finance having served various capacities in insurance companies and audit firms upon completing his studies in 1980. He joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1986 and has held several positions, the last of which was as Senior Vice President – Finance & Administration before his transfer to MAA Group Berhad in May 2002 as the Group Chief Operating Officer.

Mr Yeo is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants. He is also an Executive Committee member of the Federation of Public Listed Companies Berhad and has contributed to the Working Groups on accounting standards led by the Malaysian Accounting Standards Board.

Mr Yeo currently sits on the Boards of MAA Bancwell Trustee Berhad, MAA Credit Berhad and MAA International Assurance Ltd. He also serves on the Boards of several private limited companies in the group.

Mr Yeo is also a Member of the Board of Trustees for MAA Medicare Charitable Foundation.

Mr Yeo does not have any personal interest in any business arrangements involving the Company.

Mr Yeo does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past 10 years. His shareholdings in the Company is disclosed on page 194 of the Annual Report.

BOARD OF DIRECTORS' PROFILE
(continued)

Tan Sri Datuk Seri Razman Md Hashim
Aged 75, Malaysian
Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee

Tan Sri Datuk Seri Razman Md Hashim was appointed to the Board on 1 July 2006.

Tan Sri Datuk Seri Razman completed his early secondary education in Australia and on completion, studied Accounting and Banking where he became a member of the Australian Institute of Bankers.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad ("SCB") as an Officer Trainee in 1967. Throughout his 34 years of banking experience in SCB, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as the Executive Director/Deputy Chief Executive of SCB until his retirement in June 1999.

In the same month in 1999, Tan Sri Datuk Seri Razman was appointed as Chairman of MBf Finance Berhad by Bank Negara Malaysia ("BNM") until January 2002 when the finance company was sold to Arab-Malaysian Group. In May 2002 he was appointed as an Independent Non-Executive Director of Affin Bank Berhad by BNM until his retirement in May 2009. He was appointed as Independent Non-Executive Director of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysia Berhad) on 1 July 2006 until 30 September 2011 when MAA was sold to Zurich Insurance Company Ltd.

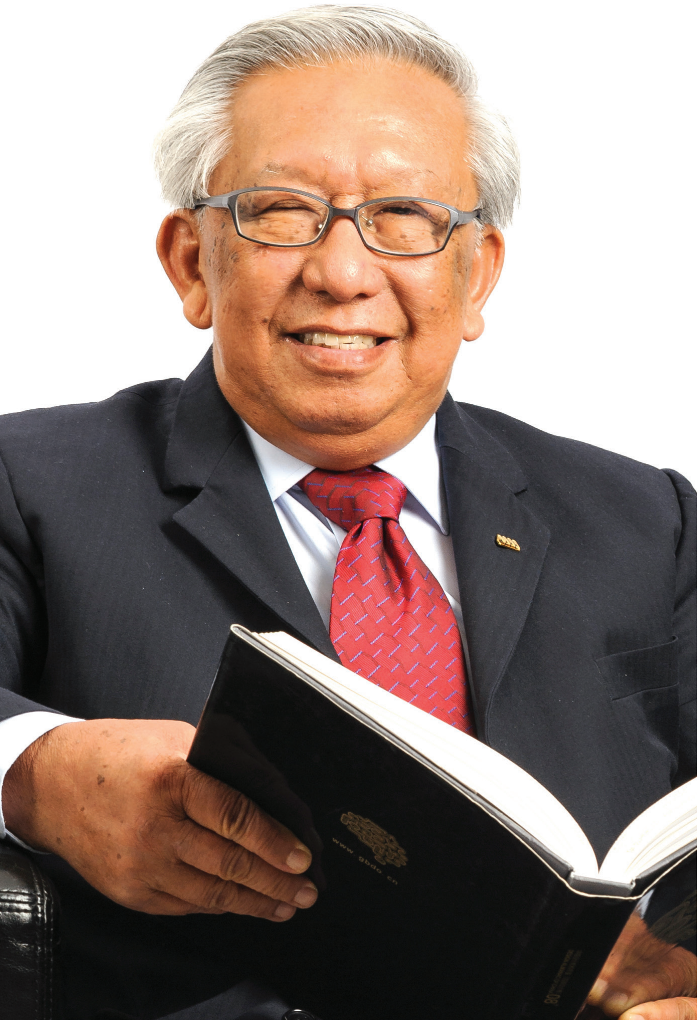
Tan Sri Datuk Seri Razman is currently the Executive Deputy Chairman of the Sunway Group of Companies and his current directorships in other public companies include SILK Holdings Berhad, Berjaya Land Berhad, Sunway Berhad, MAA Takaful Berhad and Mycron Steel Berhad.

Tan Sri Datuk Seri Razman is also a Director of ASLI Foundation and Jeffrey Cheah Foundation as well as the Alternate Director in Perdana Leadership Foundation.

Tan Sri Datuk Seri Razman does not have any personal interest in any business arrangements involving the Company.

Tan Sri Datuk Seri Razman does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past 10 years. His shareholdings in the Company is disclosed on page 194 of the Annual Report.

BOARD OF DIRECTORS' PROFILE
(continued)



Tan Sri Ahmad Bin Mohd Don
Aged 67, Malaysian
Independent Non-Executive Director
Member of Risk Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

Tan Sri Ahmad bin Mohd Don was appointed to the Board on 13 October 2006.

Tan Sri Ahmad is a Summa cum Laude graduate in Economics and Business from the Aberystwyth University, United Kingdom. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Ahmad has extensive experience in finance and banking, having worked in various capacities with Pernas Securities Sdn Bhd, Permodalan Nasional Berhad and Malayan Banking Berhad. He served as the Group Managing Director and Chief Executive Officer of Malayan Banking Berhad from 1991 to 1994. Tan Sri Ahmad was the Governor of Bank Negara Malaysia from May 1994 to August 1998. He currently serves on the Boards of United Malacca Berhad, Hap Seng Plantations Holdings Berhad, KomarkCorp Berhad, KAF Investment Bank Berhad and South-East Pahang Oil Palm Berhad. Tan Sri Ahmad is currently the Independent Non-Executive Chairman of MAA Takaful Berhad and Zurich Insurance Malaysia Berhad. He also sits on the Board of another subsidiary of the group, namely MAA Cards Sdn Bhd.

Tan Sri Ahmad does not have any personal interest in any business arrangements involving the Company.

Tan Sri Ahmad does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past 10 years. His shareholdings in the Company is disclosed on page 194 of the Annual Report.

BOARD OF DIRECTORS' PROFILE
(continued)

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Aged 53, Malaysian
Non-Independent Executive Director

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board on 10 January 2007. He was re-designated as Non-Independent Executive Director of the Company on 1 December 2011 by virtue of his appointment as Head of E-Commerce (Vice President) of MAA Corporation Sdn Bhd, the wholly-owned subsidiary of MAA Group Berhad.

Tunku Yahaya is the brother to Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, the Executive Chairman of the Company. Therefore, he is deemed a substantial shareholder by virtue of his relationship with Tunku Dato' Ya'acob who is the founder and ultimate beneficial owner of Khyra Legacy Berhad, the ultimate substantial shareholder of the Company. His shareholdings in the Company is disclosed on page 194 of the Annual Report.

Tunku Yahaya graduated in 1983 with a Bachelor of Science (Hons) degree in Economics and Accountancy from the City University, London. Upon completion, he joined Peat Marwick Mitchell & Co. in London that same year. In 1986, he obtained his Master of Science in Economics from Birkbeck College, University of London.

Upon returning to Malaysia in 1986, he joined the advertising company, MZC-Saatchi & Saatchi. In 1988, he joined the management of the refurbished Central Market (KL) as Executive Director. In 1994, he was appointed to put into operation and manage the television station, Metro Vision as Managing Director. In 1997, he started the music recording label, Melewar Parallax Sdn Bhd.

He currently sits on the Boards of Melewar Industrial Group Berhad, Mithril Berhad, Melewar Group Berhad, The Melewar Corporation Berhad, Khyra Legacy Berhad, MAA Credit Berhad, MAA Bancwell Trustee Berhad, Jat Acres Berhad and several private limited companies.

Tunku Yahaya does not have any personal interest in any business arrangements involving the Company.

Tunku Yahaya does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE
(continued)

Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Aged 65, Malaysian
Independent Non-Executive Director
Chairman of Risk Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

Dato' Narendrakumar Jasani A/L Chunilal Rugnath was appointed to the Board on 5 September 2012 as an Independent Non-Executive Director. He is the Chairman of the Risk Management Committee and a member of Audit Committee and Nomination and Remuneration Committee of the Company.

Dato' Jasani is currently the Managing Partner of SJ Grant Thornton, a firm of public accountants. He qualified as a Chartered Accountant in England in 1974. He gained experience with Grant Thornton in the United Kingdom and locally with Ernst & Young. Whilst with the two firms, he was involved in rendering professional services for large financial institutions and a number of other international and public listed companies.

Dato' Jasani has been involved in all aspects of professional practice including auditing, consulting and investigative assignments, corporate restructuring and privatisation. Dato' Jasani contributes towards the professional development of the accounting standards and practice via his involvement as Chairman of the Public Practice Committee of the Malaysian Institute of Accountants (MIA). He was previously a Council Member of MIA for 4 years. Dato' Jasani was also the Founding Chairman of the Chartered Accountants in England and Wales (ICAEW) Malaysian chapter for four (4) years and now serves as the Adviser.

Dato' Jasani has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Dato' Jasani does not have any personal interest in any business arrangements involving the Company.

Additionally, he does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

BOARD OF DIRECTORS' PROFILE
(continued)

Onn Kien Hoe
Aged 50, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Member of Risk Management Committee
Member of Nomination and Remuneration Committee

Mr Onn Kien Hoe was appointed as an Independent Non-Executive Director and Chairman of the Audit Committee of the Company on 5 September 2012. Mr Onn is also a member of Risk Management Committee and Nomination and Remuneration Committee of the Company. He currently sits on the Boards of Nova MSC Berhad, MAA Takaful Berhad, MAA International Assurance Ltd and several private limited companies.

Mr Onn completed his professional qualification with the Association of Chartered Certified Accountants (U.K.) in 1988 and has been in the accounting profession since then. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Onn is a partner with Crowe Horwath, an internationally affiliated accounting firm which is the 5th largest in Malaysia. His role includes acting as the Co-Head of the Corporate Advisory Division of Crowe Horwath. Mr Onn has served as an examiner for the Malaysian Institute of Certified Public Accountants and as a member of the Interpretation Committee of the Malaysian Accounting Standards Board.

Mr Onn has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Onn does not have any personal interest in any business arrangements involving the Company.

Mr Onn does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah *(Chairman)*
Datuk Muhamad Umar Swift
Mr 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
Mr Onn Kien Hoe

AUDIT COMMITTEE

Mr Onn Kien Hoe *(Chairman)*
Tan Sri Ahmad bin Mohd Don
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Tan Sri Datuk Seri Razman Md Hashim

RISK MANAGEMENT COMMITTEE

Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Chairman)*
Tan Sri Ahmad bin Mohd Don
Tan Sri Datuk Seri Razman Md Hashim
Mr Onn Kien Hoe

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Seri Razman Md Hashim *(Chairman)*
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Tan Sri Ahmad bin Mohd Don
Mr Onn Kien Hoe

SECRETARIES

Mr Yeo Took Keat *(MIA No. 3308)*
Ms Lily Yin Kam May *(MAICSA No. 0878038)*

AUDITORS

Messrs PricewaterhouseCoopers
Chartered Accountants

PRINCIPAL PLACE OF BUSINESS

13th Floor, No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03-6256 8000
Facsimile No.: 03-6251 0373

REGISTERED OFFICE

Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No.: 03-6252 8880
Facsimile No.: 03-6252 8080

SHARE REGISTRAR

TRACE MANAGEMENT SERVICES SDN BHD
Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No.: 03-6252 8880
Facsimile No.: 03-6252 8080

CORPORATE INFORMATION
(continued)

PANEL OF REINSURERS

Family Takaful

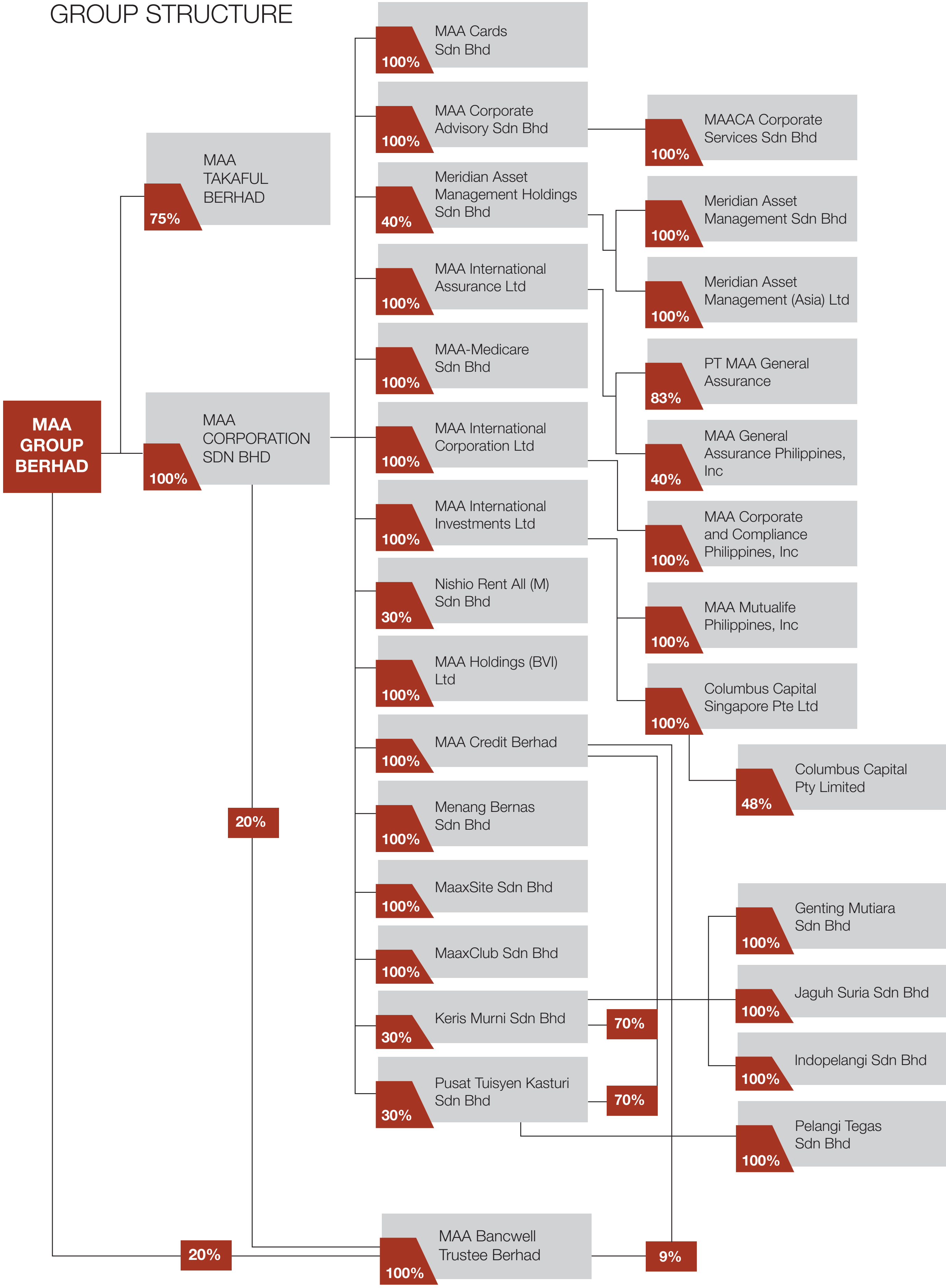
Retakaful Operators / Reinsurers	Rating
MNRB Retakaful Berhad 9th Floor, Bangunan Malaysia Re 17 Lorong Dungun Damansara Heights 50490 Kuala Lumpur	BBB+ (Fitch)
Hannover ReTakaful B.S.C. (C). 29-01, Level 29, Integra Tower, The Intermark 348, Jalan Tun Razak 50400 Kuala Lumpur	AA- (S&P)
RGA Global Reinsurance Company Ltd. Labuan Branch Unit 39-A-6, Level 39 Tower A Menara UOA Bangsar No.5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Malaysia	AA- (S&P)

General Takaful

Retakaful Operators / Reinsurers	Rating
Swiss Re Retakaful Suite 28.01, 28th Floor Menara Keck Seng No. 203, Jalan Bukit Bintang 55100 Kuala Lumpur	AA- (S&P)
MNRB Retakaful Berhad 9th Floor, Bangunan Malaysian Re No. 17, Lorong Dungun, Damansara Heights 50490 Kuala Lumpur	BBB+ (Fitch)
ACR Retakaful Berhad Unit A-12A-10, Level 12A, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur	A- (AM Best)
Labuan Reinsurance (L) Limited Tower 5, Avenue 5, Bangsar South City No. 8, Jalan Kerinchi 59200 Kuala Lumpur	A- (AM Best)
Taiping Reinsurance Co., Ltd, Labuan Branch c/o Etiqa Offshore Insurance (L) Ltd Level 11(B), Block 4, Office Tower Financial Park Labuan Complex, Jalan Merdeka 87000 W.P. Labuan	A (S&P)
Scor Reinsurance Asia-Pacific Pte Ltd. Labuan Branch Suite 47.02, Level 47, Letter Box No. 110 Menara AmBank, Jalan Yap Kwan Seng 50450 Kuala Lumpur	A+ (S&P)
Kuwait Reinsurance Co. Far East Regional Office, Labuan Branch A-27-8, Level 27, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur	A- (AM Best)
Takaful Re Limited, Labuan Branch c/o Brighton Management Limited Brighton Place, Ground Floor No. UO215, Jalan Bahasa, P.O. Box 80431 87014 W.P. Labuan	BBB (S&P)
General Insurance Corporation of India Labuan Branch A-23A-1, Level 23A, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur	A- (AM Best)
Singapore Reinsurance Corporation Limited Labuan Branch c/o Etiqa Offshore Insurance (L) Ltd Level 11(B), Block 4, Office Tower Financial Park Labuan Complex, Jalan Merdeka 87000 W.P. Labuan	A- (AM Best)
Hannover ReTakaful Labuan Branch General 29-01, Level 29, Integra Tower, The Intermark 348, Jalan Tun Razak 50400 Kuala Lumpur	A+ (S&P)
Malaysian Reinsurance Berhad 12th Floor, Bangunan Malaysian Re No.17, Lorong Dungun Damansara Heights, Locked Bag 11068 50990 Kuala Lumpur	A- (AM Best)

CORPORATE INFORMATION
(continued)

GROUP STRUCTURE



MAA REGIONAL NETWORK

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

MAA GROUP BERHAD
(471403-A)
Incorporated in Malaysia

NOTICE IS HEREBY GIVEN that the **17TH ANNUAL GENERAL MEETING** of the Company will be held at **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Thursday, 28 May 2015** at **10.00 a.m.** for the following purposes:

AS ORDINARY BUSINESS	**Resolution**
(1) To receive the Audited Financial Statements for the year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon.	**Please refer to Explanatory Note A**
(2) To approve the payment of Directors' fees amounting to RM180,000.00 for the period from 1 July 2015 to 30 June 2016 to be payable quarterly in arrears.	**1**
(3) To re-elect the following Directors who are retiring in accordance with Article 73 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(i) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	**2**
(ii) Mr Yeo Took Keat	**3**
(4) To re-elect Tan Sri Datuk Seri Razman Md Hashim who is retiring pursuant to Section 129(6) of the Companies Act, 1965 ("the Act") and to hold office until the conclusion of the next Annual General Meeting ("AGM").	**4**
(5) To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	**5**

AS SPECIAL BUSINESS

(6) To consider and, if thought fit, to pass the following resolutions as Ordinary/Special Resolutions:-

ORDINARY RESOLUTIONS

(a) **Proposed Continuation in Office as Independent Non-Executive Directors in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012")**

(i) "THAT subject to the passing of the Ordinary Resolution 4, approval be and is hereby given for Tan Sri Datuk Seri Razman Md Hashim, who will have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 30 June 2015, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **6**

(ii) "THAT approval be and is hereby given for Tan Sri Ahmad bin Mohd Don, who will have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 12 October 2015, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **7**

(b) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")** **8**

"THAT the mandate granted by the shareholders of the Company on 20 June 2014 pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), authorising the Company and its subsidiaries ("the MAAG Group") to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the MAAG Group's day-to-day operations as set out in Section 3.4 – Table 3.4(B) of Part A of the Circular to Shareholders dated 6 May 2015 ("the Circular") with the related parties mentioned therein, be and is hereby renewed, provided that:-

(a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company;

(b) the transactions are made at arm's length and on normal commercial terms; and

(c) disclosure will be made in the annual report providing the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year, amongst others, based on the following information:-

(i) the type of the RRPTs made;
(ii) the names of the related parties involved in each type of the RRPTs made and their relationship with the Company.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
(continued)

Resolution

AND THAT, authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in general meeting), until

(a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(c) **Proposed Renewal of Share Buy-Back Authority** **9**

"THAT subject to compliance with Section 67A of the Act, the Listing Requirements of Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such number of ordinary shares of RM1.00 each in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time-to-time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company and that an amount not exceeding the Company's total audited retained profits of RM55,035,088 as at 31 December 2014 would be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next AGM of the Company unless earlier revoked or varied by Ordinary Resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date.

AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both."

(d) **Authority to Issue and Allot Shares Pursuant to Section 132D of the Act** **10**

"THAT, subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

SPECIAL RESOLUTION

(e) **Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company** **11**

"THAT the entire set of Memorandum and Articles of Association ("M&A") of the Company as set out in the Appendix 1 of the Circular to Shareholders of the Company dated 6 May 2015 be adopted in substitution for and to the exclusion of the M&A of the Company now subsisting AND THAT the Directors of the Company and Company Secretary be and are hereby authorised to take all such steps and carry out all the necessary formalities to give full effect to the proposed adoption of the Company's new M&A."

BY ORDER OF THE BOARD

YEO TOOK KEAT (MIA NO. 3308)
LILY YIN KAM MAY (MAICSA NO. 0878038)
Company Secretaries

Kuala Lumpur
Dated : 6 May 2015

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
(continued)

NOTES:

1. *Applicable to shares held through a nominee account.*
2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company, and the provision of the Section 149(1)(b) of the Act shall not apply to the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *Any alteration in the form of proxy must be initialled.*
8. *Form of Proxy sent through facsimile transmission shall not be accepted.*
9. *For the purpose of determining a member who shall be entitled to attend this 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 51(b), 51(c) and 51(d) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 May 2015. Only a depositor whose name appears on the Record of Depositors as at 22 May 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
10. *(i) Explanatory Note to Ordinary Business of the Agenda 1 (Explanatory Note A):-*

    This Agenda item is meant for discussion only as the provision of Section 169(1) of the Act, does not require a formal approval of the shareholders and hence, is not put forward for voting.

    (ii) Explanatory Notes to Special Business of the Agenda 6:

    (a) Authority to Continue to Act As Independent Non-Executive Directors of the Company Pursuant to MCCG 2012

    The Proposed Resolutions 6 and 7, based on the satisfactory outcome of the review of the Nomination and Remuneration Committee, if passed, will enable Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who will have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years on 30 June 2015 and 12 October 2015 respectively, to continue to act as Independent Non-Executive Directors of the Company in accordance with Recommendation 3.3 of the MCCG 2012 and to hold office until the conclusion of the next AGM of the Company.

    The profiles of the above mentioned Directors are set out in the Directors' Profile on pages 7 to 8 of this Annual Report. The details of their shareholdings in the Company are set out in the Directors' Shareholdings which appears on page 194 of this Annual Report.

    (b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

    The Proposed Resolution 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

    (c) Proposed Renewal of Share Buy-Back Authority

    The Proposed Resolution 9, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

    (d) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act

    The Ordinary Resolution proposed under Resolution 10 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

    The Proposed Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

    As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 16th AGM held on 20 June 2014 and which will lapse at the conclusion of the 17th AGM to be held on 28 May 2015.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
(continued)

(e) Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company

The Proposed Resolution 11 on adoption of a new set of Memorandum and Articles of Association is to streamline the Company's Memorandum and Articles of Association to be aligned with the new and/or amended provisions of the Listing Requirements of Bursa Securities and other prevailing statutory and regulatory requirements and/or other applicable rules and guidelines which have been revised.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 6, 7 and 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 6 May 2015 which is despatched together with the Company's 2014 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 3 and 4 of the Notice of the 17th AGM of the Company are set out in the Directors' Profile on pages 6, 7 and 9 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 194 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note 10 (ii)(d) of the Notice of the 17th AGM of the Company.

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Akaun Kumpulan bagi tahun berakhir 31 Disember 2014.

PERSEKITARAN OPERASI

Pada 2014, aktiviti ekonomi global berkembang pada kadar yang sederhana walaupun agak tidak sekata di semua ekonomi utama. Ekonomi Asia pada amnya dipacu oleh permintaan domestik dan eksport dengan kadar inflasi rendah kerana penurunan harga tenaga. Sejajar dengan itu, ekonomi Malaysia mencatatkan pertumbuhan 6.0% (2013: 4.7%) pada 2014, berlandaskan permintaan sektor swasta yang mantap dan pertumbuhan eksport bersih.

Pada tahun lepas, industri Insurans Hayat dan Takaful Keluarga Malaysia berkembang pada kadar sederhana, dengan jumlah pendapatan premium/sumbangan bersih, meningkat sebanyak 7.4% (2013: 5.7%) kepada RM33.6 bilion (2013: RM31.3 bilion), disokong oleh pertumbuhan kukuh berterusan dalam perniagaan berkaitan pelaburan yang merangkumi 42% (2013: 39%) daripada premium/sumbangan perniagaan baru. Dalam pada itu, industri Insurans Am dan Takaful Malaysia mencatatkan pertumbuhan 7.5% (2013: 11.0%) dari segi pendapatan premium/sumbangan kepada RM16.3 bilion (2013: RM15.2 bilion), disokong jualan kenderaan motor yang mampan.

ULASAN PRESTASI

Seperti yang didedahkan dalam bahagian seterusnya, Maklumat Terkini Tentang Cadangan Korporat Terbaru, anak syarikat Kumpulan yang telah dilupuskan, iaitu Malaysian Assurance Alliance Berhad ("MAA Assurance") (kini dikenali sebagai Zurich Insurance Malaysia Berhad - ZIMB) yang mana telah dijual kepada Zurich Insurance Company Ltd ("Zurich") dan MAAKL Mutual Bhd ("MAAKL Mutual") (kini dikenali sebagai Manulife Asset Management Services Berhad), telah diklasifikasikan sebagai "Operasi Dihentikan" dalam penyata kewangan berasaskan piawaian perakaunan diluluskan yang diguna pakai.

Jumlah Hasil

Pada tahun yang dilaporkan, Jumlah Hasil Kumpulan menyusut sedikit sebanyak 0.4% kepada RM539.2 juta (2013: RM541.5 juta). Daripada jumlah itu, Operasi Berterusan mencatatkan kenaikan 19.2% kepada RM518.7 juta (2013: RM435.0 juta) manakala Operasi Dihentikan mencatatkan pengurangan 80.8% kepada RM20.5 juta (2013: RM106.5 juta). Pada 2013, Jumlah Hasil Operasi Dihentikan termasuk hasil daripada anak syarikat yang dilupuskan, MAAKL Mutual dan untung atas pelupusannya.

Di bawah segmen perniagaan Insurans Konvensional, Bahagian Insurans Am mencatatkan pengurangan ketara Jumlah Premium Diraih Kasar sebanyak RM0.1 juta (2013: RM28.2 juta), yang diambil kira secara keseluruhannya daripada operasi berterusan Kumpulan di Indonesia. Premium diraih kasar adalah lebih rendah pada tahun yang dilaporkan disebabkan oleh kesan perniagaan bakian terhadap operasi tersebut yang bermula pada 2013.

Di bawah Perniagaan Takaful, kedua-dua Bahagian Takaful Am dan Takaful Keluarga mencatatkan Sumbangan Diraih Kasar lebih tinggi berjumlah RM286.8 juta (2013: RM215.8 juta) dan RM367.6 juta (2013: RM258.2 juta) masing-masing.

Dana Pemegang Saham Kumpulan mencatatkan Jumlah Hasil RM220.2 juta (2013: RM318.2 juta). Operasi Berterusan mencatatkan pengurangan 5.7% kepada RM199.7 juta (2013: RM211.7 juta) manakala Operasi Dihentikan mengalami penyusutan 80.8% kepada RM20.5 juta (2013: RM106.5 juta). Jumlah Hasil yang lebih tinggi daripada Operasi Dihentikan pada 2013 adalah terutamanya daripada MAAKL Mutual.

Untung / Rugi Sebelum Cukai

Kumpulan mencatatkan Untung Sebelum Cukai ("USC") lebih tinggi berjumlah RM19.2 juta bagi tahun yang dilaporkan (2013: USC RM8.9 juta). Operasi Berterusan mencatatkan Rugi Sebelum Cukai ("RSC") lebih rendah berjumlah RM1.1 juta (2013: RSC RM9.6 juta) manakala Operasi Dihentikan mencatatkan USC lebih tinggi berjumlah RM20.3 juta (2013: USC RM18.5 juta).

Dalam segmen Insurans Konvensional, Bahagian Insurans Am yang terdiri sepenuhnya daripada operasi Indonesia telah pulih untuk mencatatkan USC lebih tinggi berjumlah RM17.0 juta (2013: RSC RM28.1 juta). Sementara itu, Bahagian Insurans Hayat yang merangkumi operasi insurans luar pesisir berpangkalan di Labuan mencatatkan USC RM183,000 (2013: RSC RM1.0 juta).

Dalam perniagaan Takaful, Bahagian Takaful Am mencatatkan RSC berjumlah RM0.6 juta (2013: USC RM1.6 juta). Dalam pada itu, Bahagian Takaful Keluarga juga mencatatkan RSC berjumlah RM11.3 juta (2013: Sifar) disebabkan oleh defisit dalam dana risiko takaful tidak berkaitan pelaburan yang berpunca daripada keperluan rizab lebih tinggi bagi portfolio perubatan. Ini telah diimbangi oleh pemindahan lebihan berjumlah RM11.0 juta (2013: RM7.3 juta) kepada Dana Pemegang Saham daripada dana risiko takaful berkaitan pelaburan.

Dana Pemegang Saham mencatatkan USC lebih rendah berjumlah RM14.0 juta (2013: USC RM36.4 juta) selepas mengambil kira lebihan RM11.0 juta (2013: RM7.3 juta) yang dipindahkan daripada Dana Takaful Keluarga. Operasi Berterusan mencatatkan RSC RM6.3 juta (2013: USC RM17.9 juta) dan Operasi Dihentikan mencatatkan USC RM20.3 juta (2013: USC RM18.5 juta).

PENYATA PENGERUSI
(bersambung)

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
Pengerusi Eksekutif

Kerugian daripada Operasi Berterusan bagi 2014 timbul terutamanya daripada perbelanjaan pengurusan dan komisen lebih tinggi yang ditanggung oleh MAA Takaful Berhad, kerugian yang dicatatkan oleh MAA Cards Sdn Bhd dan hutang lapuk yang diperuntukkan oleh MAA Credit Berhad. Untung yang dicatatkan pada 2013 disumbangkan oleh untung nilai saksama bersih sebanyak RM12.7 juta yang diiktiraf daripada bon yang dipindahkan daripada ZIMB di bawah syarat perjanjian penyelesaian pertama dengan Zurich, masuk kira semula kerugian rosot nilai yang dibuat sebelum ini atas pelaburan dalam syarikat bersekutu dan untung nilai saksama terealisasi bersih yang lebih tinggi daripada pelaburan.

Bagi Operasi Dihentikan, keuntungan pada 2014 disumbangkan terutamanya oleh masuk kira semula RM12.5 juta menurut pelaksanaan perjanjian penyelesaian kedua dengan Zurich dan keuntungan RM7.6 juta daripada pelupusan anak syarikat. Keuntungan yang diperolehi Operasi Dihentikan pada 2013 termasuk lebihan keuntungan RM14.3 juta daripada pelupusan MAA Assurance, sumbangan USC sebanyak RM4.3 juta daripada MAAKL Mutual, serta untung berjumlah RM45.0 juta yang timbul daripada pelupusan syarikat tersebut. Bagaimanapun, ini diimbangi sebahagiannya oleh peruntukan RM45.0 juta yang dibuat terhadap Tuntutan Balas Zurich.

Pada 31 Disember 2014, Jumlah Aset Kumpulan berjumlah RM1.6 bilion (2013: RM1.4 bilion) dengan Pendapatan Sesaham ("EPS") sebanyak 5.5 sen (2013: 1.6 sen).

ULASAN OPERASI PERNIAGAAN

Bagi tahun yang dilaporkan, segmen operasi utama Kumpulan terdiri daripada:

- Perniagaan Takaful di Malaysia
- Insurans Antarabangsa
- Pembiayaan Gadai Janji di Australia

Butiran mengenai prestasi masing-masing dibincangkan secara berasingan dalam halaman yang dilampirkan.

DIVIDEN

Pada tahun yang dilaporkan, Syarikat membayar dividen interim pertama dan kedua sebanyak 3 sen sesaham di bawah sistem dividen satu peringkat berjumlah RM9.1 juta setiap satu pada 18 April 2014 dan 31 Julai 2014 masing-masing.

Pada 2 April 2015, Lembaga Pengarah telah mengisytiharkan dividen interim pertama sebanyak 3 sen sesaham di bawah sistem dividen satu peringkat, bagi tahun berakhir 31 Disember 2015.

MAKLUMAT TERKINI TENTANG CADANGAN KORPORAT TERBARU

Kumpulan dengan sukacitanya memaklumkan tentang maklumat terkini berikut:

(a) Pada 30 September 2013, Syarikat mengumumkan bahawa RM55.1 juta ditahan dalam akaun eksrow berkaitan dengan hasil jualan MAA Assurance kepada Zurich sehingga tuntutan tertunggak syarikat tersebut telah diselesaikan.

Tuntutan tertunggak ("Tuntutan Balas Zurich"), adalah berkaitan dengan dakwaan perlanggaran waranti dan indemniti di mana peruntukan sebanyak RM45 juta telah dibuat dalam tahun kewangan berakhir 31 Disember 2013. Jumlah peruntukan tersebut adalah berasaskan rundingan penyelesaian berterusan antara kedua-dua pihak pada masa tersebut.

Pada 1 Ogos 2014, Syarikat telah membuat perjanjian penyelesaian kedua bagi menyelesaikan Tuntutan Balas Zurich yang antara lain termasuk syarat-syarat penting berikut:

(i) Tanpa memperakui sebarang liabiliti atau kesalahan di mana-mana pihak, pihak-pihak yang terbabit bersetuju untuk menyelesaikan Tuntutan Balas Zurich menerusi pembayaran sebanyak RM32.5 juta kepada Zurich daripada akaun eskrow, dan baki wang eksrow berjumlah kira-kira RM23.9 juta pada 30 Julai 2014, termasuk faedah terakru ke atasnya (jika ada) hendaklah disalurkan kepada Syarikat.

PENYATA PENGERUSI
(bersambung)

(ii) Berkuat kuasa dari tarikh ("Tarikh Penyelesaian") di mana pembayaran dibuat kepada Zurich dan Syarikat, pertikaian berkaitan Tuntutan Balas Zurich akan dianggap sebagai telah diselesaikan secara sepenuhnya dan muktamad.

(iii) Berkuat kuasa dari Tarikh Penyelesaian, pihak-pihak yang terbabit bersetuju untuk menamatkan prosiding timbang tara berkaitan dengan Tuntutan Balas Zurich dan menanggung kos Pusat Penimbangtaraan Antarabangsa Singapura (SIAC) secara bersama.

Pada 29 Ogos 2014, Syarikat mengumumkan bahawa ia telah menamatkan prosiding timbang tara terhadap Zurich selepas kedua-dua pihak meluluskan perjanjian penyelesaian kedua.

(b) Pada 30 September 2011, Syarikat telah diisytiharkan sebagai penerbit saham tersenarai yang terjejas menurut Nota Amalan 17 ("PN17") Keperluan Penyenaraian yang berkuat kuasa ke atas penerbit tersenarai yang telah menggantung atau menamatkan perniagaan utamanya, dalam kes ini, pelupusan MAA Assurance.

Syarikat tidak mencetuskan mana-mana kriteria lain yang ditetapkan bagi PN17 seperti ekuiti pemegang saham disatukan sebanyak 25% atau kurang daripada modal saham terbitan dan berbayar, kegagalan Kumpulan membuat pembayaran, pandangan negatif atau penafian oleh juruaudit terhadap akaun teraudit terkini Syarikat, dan lain-lain.

Sebagai penerbit saham tersenarai yang terjejas, Syarikat perlu mengumumkan butiran rancangan penyusunan semula menurut perenggan 4.1 PN17. Sejak November 2012, Syarikat telah membuat permohonan kepada Bursa Securities untuk lanjutan masa bagi mengemukakan rancangan penyusunan semula kerana ia masih sedang merangka rancangan tersebut.

Bursa Securities telah memberikan kelulusan bagi lanjutan masa dengan lanjutan terakhir ialah sehingga 31 Januari 2015, tertakluk kepada Pengumuman Ditetapkan dibuat menjelang 31 Disember 2014 ("Lanjutan Masa").

Lanjutan Masa ini tidak akan menjejaskan hak Bursa Securities untuk menggantung jual beli saham tersenarai Syarikat dan mengeluarkan Syarikat daripada senarai sekiranya:

(i) Syarikat gagal membuat Pengumuman Ditetapkan pada atau sebelum 31 Disember 2014;

(ii) Syarikat gagal mengemukakan rancangan penyusunan semula kepada pihak berkuasa kawal selia pada atau sebelum 31 Januari 2015;

(iii) Syarikat gagal mendapatkan kelulusan kawal selia yang diperlukan bagi pelaksanaan rancangan penyusunan semula; dan

(iv) Syarikat gagal melaksanakan rancangan penyusunan semula dalam tempoh masa dan tempoh masa lanjutan yang ditetapkan oleh pihak berkuasa kawal selia.

Jika berlaku mana-mana perkara yang dinyatakan dalam (i) hingga (iv) di atas, Bursa Securities akan menggantung jual beli saham tersenarai Syarikat pada hari pasaran seterusnya selepas lima (5) hari pasaran dari tarikh makluman penggantungan oleh Bursa Securities dan mengeluarkan Syarikat dari senarai, tertakluk kepada hak Syarikat untuk membuat rayuan agar tidak dikeluarkan daripada senarai.

Pada 30 Disember 2014, Syarikat mengumumkan rancangan penyusunan semula yang termasuk, antara lain, cadangan penyelesaian semua tanggungan dan liabiliti PT MAA General Assurance (PT MAAG) dan pelupusan/pembubaran syarikat yang seterusnya, cadangan langganan kepentingan ekuiti tambahan dalam syarikat bersekutu, Columbus Capital Pty Ltd ("CCAU") yang akan meningkatkan kepentingan ekuiti efektif Kumpulan dalam CCAU daripada 47.95% kepada 55%; dan cadangan memisahkan lesen tergabung MAA Takaful Berhad kepada dua (2) entiti berasingan.

Seterusnya pada 30 Januari 2015, Syarikat mengumumkan bahawa permohonan baru bagi lanjutan masa untuk mematuhi Perenggan 8.04(3) dan PN17 Keperluan Penyenaraian telah dikemukakan kepada Bursa Securities pada tarikh yang sama. Permohonan tersebut adalah bergantung kepada pertimbangan Bursa Securities dan satu pengumuman berkaitan keputusannya akan dikeluarkan dalam tempoh yang sewajarnya.

Pada 23 Mac 2015, Syarikat mengumumkan bahawa Bursa Securities, menerusi suratnya bertarikh 23 Mac 2015, telah memberikan lanjutan masa sehingga 30 Jun 2015 untuk Syarikat mengemukakan rancangan penyusunan semula ("Pemberian Lanjutan Masa").

Lanjutan Masa ini tidak menjejaskan hak Bursa Securities untuk terus menggantung jual beli saham tersenarai Syarikat dan mengeluarkan Syarikat daripada senarai sekiranya:

(i) Syarikat gagal mengemukakan rancangan penyusunan semula kepada pihak berkuasa kawal selia pada atau sebelum 30 Jun 2015;

(ii) Syarikat gagal mendapatkan kelulusan daripada mana-mana pihak berkuasa kawal selia yang diperlukan bagi pelaksanaan rancangan penyusunan semulanya; dan

(iii) Syarikat gagal untuk melaksanakan rancangan penyusunan semula di dalam tempoh masa atau tempoh masa lanjutan yang dinyatakan oleh mana-mana pihak berkuasa kawal selia.

Jika berlaku mana-mana perkara yang dinyatakan dalam (i) hingga (iii) di atas, Bursa Securities akan menggantung jual beli saham tersenarai Syarikat pada hari pasaran seterusnya selepas lima (5) hari pasaran daripada tarikh makluman penggantungan oleh Bursa Securities dan mengeluarkan Syarikat daripada senarai, tertakluk kepada hak syarikat untuk membuat rayuan agar tidak dikeluarkan daripada senarai.

PENYATA PENGERUSI
(bersambung)

(c) Pada 14 April 2014, MAA Corporation Sdn Bhd ("MAA Corp"), anak syarikat milik penuh Syarikat, telah memeterai perjanjian jualan saham ("SSA") dengan AEC College Pte Ltd ("AEC") untuk memperolehi ("Cadangan Pemerolehan") kepentingan 30% dalam Pusat Tuisyen Kasturi Sdn Bhd ("PTKSB") dan Keris Murni Sdn Bhd ("KMSB") untuk pertimbangan tunai berjumlah RM1.6 juta. Pertimbangan pembelian ditentukan atas dasar persetujuan antara pembeli dan penjual selepas mengambil kira untung selepas cukai agregat PTKSB dan KMSB berjumlah RM658,000 mengikut penyata kewangan teraudit bagi tahun kewangan berakhir 31 Disember 2013.

Baki kepentingan 70% dalam PTKSB dan KMSB dipegang oleh MAA Credit Berhad, anak syarikat milik penuh MAA Corp.

Cadangan Pemerolehan tersebut telah disempurnakan pada 21 April 2014 dan dengan demikian, PTKSB dan KMSB menjadi anak syarikat milik penuh Kumpulan.

(d) Pada 3 Julai 2014, MAA Corp melupuskan seluruh kepentingan ekuiti dalam anak syarikat yang tidak aktif, iaitu, Chelsea Parking Services Sdn Bhd yang telah menamatkan operasi dengan pertimbangan tunai berjumlah RM10 (Ringgit Malaysia: Sepuluh Sahaja) kepada pihak luar.

(e) Pada 2 Oktober 2014, MAA Credit Berhad melupuskan seluruh kepentingan ekuiti yang dipegang dalam anak syarikat, Nilam Timur Sdn Bhd ("NTSB") untuk pertimbangan tunai berjumlah RM10 (Ringgit Malaysia: Sepuluh Sahaja) bersama penjelasan tunai penuh dan muktamad sebanyak RM1.5 juta bagi pinjaman belum jelas yang perlu dibayar oleh NTSB kepada MAA Credit Berhad.

(f) Pada 24 Disember 2014, MAA Corporate Advisory Sdn Bhd ("MAACA"), anak syarikat milik penuh MAA Corp telah memeterai Perjanjian Jualan Saham dengan Datuk Rashid bin Ghazalli untuk melupuskan kepentingan ekuiti 51% dalam MAACA Labuan Ltd ("MAACA Labuan"), dengan pertimbangan tunai berjumlah RM66,776 (Ringgit Malaysia: Enam Puluh Enam Ribu Tujuh Ratus dan Tujuh Puluh Enam Sahaja), yang ditentukan atas dasar saling setuju antara pembeli dan penjual selepas mengambil kira aset bersih MAACA Labuan pada 30 November 2014 dengan jumlah yang sama.

Selain daripada perkara yang dinyatakan di atas, tiada cadangan korporat lain yang telah diumumkan tetapi belum diselesaikan pada tarikh laporan.

TANGGUNGJAWAB SOSIAL KORPORAT

Kumpulan sentiasa komited terhadap usaha untuk menjadi warga korporat yang bertanggungjawab dan prihatin.

Meneruskan usaha pada tahun-tahun sebelumnya, Kumpulan melaksanakan tanggungjawab sosial korporat terutamanya menerusi 'Dana Kebajikan Buah Pinggang MAA Medicare', yang kini ditukar namanya kepada 'Yayasan Kebajikan MAA Medicare'. Yayasan ini menyediakan khidmat dialisis dan penjagaan kesihatan berkualiti pada kos rawatan tersubsidi kepada pesakit buah pinggang dan ahli keluarga mereka di seluruh negara.

Kumpulan juga memainkan peranan aktif menyokong 'Yayasan Kebajikan Budimas' untuk mencapai matlamatnya membantu kanak-kanak kurang bernasib baik dan miskin dengan menubuhkan rumah kebajikan sendiri, menyalurkan bantuan kewangan kepada rumah kebajikan di bawah naungan dan menyediakan kemudahan pendidikan dan membuka perpustakaan di kawasan luar bandar dan perkampungan miskin di seluruh negara.

Maklumat mengenai aktiviti Tanggungjawab Sosial Korporat Kumpulan dibincangkan secara berasingan dalam halaman yang dilampirkan.

PERKEMBANGAN INDUSTRI

Bagi insurans hayat dan takaful keluarga, Bank Negara Malaysia ("BNM") telah menerbitkan satu kertas konsep tentang Rangka Kerja Insurans Hayat dan Takaful Keluarga (Rangka Kerja "LIFT") pada November 2013 yang bertujuan meningkatkan kecekapan dan keberkesanan saluran penyampaian dan menggalakkan penambahbaikan inovasi produk. Pada 2014, BNM telah berbincang secara menyeluruh dengan industri dan pihak berkepentingan lain mengenai pakej reformasi. Daripada perbincangan tersebut, BNM bakal melaksanakan Rangka Kerja LIFT mengikut fasa mulai 2015. Antara lain, langkah yang disusun merangkumi:

- Pelaksanaan saluran langsung dan penggabung produk untuk membolehkan pengguna membandingkan produk daripada pelbagai penyedia perkhidmatan dan membeli produk insurans hayat dan takaful keluarga menerusi saluran langsung seperti internet.
- Semakan rangka kerja peraturan yang mengawal selia penasihat kewangan untuk memberikan tahap fleksibiliti operasi lebih tinggi dan menambah senarai kelayakan yang diiktiraf bagi penasihat kewangan.
- Mengenepikan had skim pembiayaan agensi dan menjajarkan struktur kos antara bankasurans/bankatakaful dan ejen korporat bagi produk bukan berkaitan pelaburan selain daripada produk perlindungan semata-mata.
- Memperkenalkan pendekatan kad markah seimbang untuk semua perantara dalam usaha meningkatkan tahap profesionalisme dan kualiti perkhidmatan, serta memastikan nasihat dan maklumat untuk pengguna dapat diberikan dengan berkesan.
- Liberalisasi struktur komisen bagi produk berkaitan pelaburan, termasuk memperkenalkan kadar peruntukan minimum demi menggalakkan inovasi produk.

PENYATA PENGERUSI

(bersambung)

Dalam sektor insurans am dan takaful, BNM meneruskan inisiatif di bawah Rangka Kerja Perlindungan Motor Baru dengan penambahbaikan ketara dicapai dalam hal penyelesaian tuntutan, selepas menubuhkan Pusat Panggilan Bantuan Kemalangan dan penerbitan Panduan Tuntutan Motor pada 2013. BNM juga melaksanakan pusingan ketiga pelarasan premium motor di bawah proses pemansuhan tarif pada Februari 2014 untuk tiga (3) kelas kenderaan, iaitu kereta persendirian, motosikal dan bas ekspres, sebagai sebahagian daripada peralihan kepada kaedah penetapan harga berasaskan pasaran pada 2016 dimana premium akan mencerminkan risiko yang ditanggung. Untuk tujuan ini, industri meramalkan BNM, dalam tahun 2015, akan mengumumkan rancangan hala tuju yang menggariskan pendekatan yang perlu diambil untuk mencapai sepenuhnya penetapan harga berasaskan pasaran.

Pada 2014, BNM juga menerbitkan kertas konsep bertajuk "Pendekatan Mengawal Selia dan Menyelia Kumpulan Kewangan" untuk rundingan awal tentang piawaian modal dan berhemat untuk bank dan syarikat pegangan insurans/takaful ("Kumpulan Kewangan"), menurut Akta Perkhidmatan Kewangan 2013 ("FSA") dan Akta Perkhidmatan Kewangan Islam 2013 ("IFSA"). Setakat ini, BNM belum mengeluarkan piawaian akhir bagi bidang ini.

Bagi operasi luar pesisir, Lembaga Perkhidmatan Kewangan Labuan ("Labuan FSA") mengeluarkan Kertas Rundingan mengenai "Rangka Kerja Kecukupan Modal Insurans" ("ICAF") pada Januari 2014 bagi industri insurans di Pusat Perniagaan dan Kewangan Antarabangsa Labuan. Kertas Rundingan mengesyorkan penggantian keperluan Margin Kecairan dengan rejim Modal Berasaskan Risiko yang akan dilancarkan mengikut fasa apabila piawaian berhemat tersebut telah dimuktamadkan.

Kesemua perubahan peraturan dan cadangan yang dikemukakan ini, apabila dilaksanakan kelak akan mengubah dan menentukan cara pengendali insurans dan takaful di Malaysia menjalankan perniagaan, dengan penekanan khas terhadap cara mereka menguruskan risiko dan modal, melindungi kepentingan pengguna dan meningkatkan kecekapan operasi untuk mengurangkan kos.

Akhir sekali, Cukai Barangan dan Perkhidmatan ("GST") yang berkuat kuasa pada 1 April 2015 ternyata akan memberi kesan terhadap sektor insurans dan takaful dan juga pengguna secara keseluruhannya. GST pada kadar ditetapkan semasa 6% akan dikenakan terhadap premium untuk perubatan, penyakit kritikal, kemalangan peribadi, insurans am dan perniagaan takaful am, sebagai kadar standard untuk barangan dan perkhidmatan. Perniagaan insurans hayat dan takaful keluarga dikategorikan sebagai barangan dan bekalan bertaraf dikecualikan, kecuali bagi kos bulanan insurans untuk polisi berkaitan pelaburan dan rider perubatan, penyakit kritikal dan kemalangan peribadi akan dikenakan GST. Selain daripada itu, semua yuran dan caj berkaitan perkhidmatan pentadbiran juga akan dikenakan GST.

PROSPEK

Untuk tahun 2015, walaupun mengharungi persekitaran ekonomi luar yang mencabar, BNM telah mengunjurkan pertumbuhan Keluaran Dalam Negara Kasar, antara 4.5% dan 5.5%, yang dipacu terutamanya oleh perkembangan mampan dalam permintaan domestik dan eksport.

Kumpulan akan terus menghadapi persaingan sengit dalam persekitaran operasi takaful disebabkan peraturan baru yang digubal, seterusnya mengetatkan piawaian berhemat dan inisiatif liberalisasi pasaran oleh pihak berkuasa kawal selia. Namun begitu, Kumpulan komited untuk mempercepatkan pertumbuhan mampan perniagaan takaful dan juga memberi tumpuan untuk kembali mencatatkan keuntungan menerusi piawaian taja jamin yang ditambah baik, penetapan semula harga produk dan kawalan kos yang berkesan. Untuk tujuan ini, Kumpulan juga akan merangka strategi struktur optimum untuk memisahkan perniagaan takaful keluarga dan takaful am MAAT seperti yang disyaratkan di bawah ISFA. Penanggung insurans komposit berlesen dan pengendali takaful diberikan tempoh ihsan lima tahun (5) tahun mulai Jun 2013, untuk memisahkan perniagaan takaful hayat/keluarga dan perniagaan am/takaful am kepada entiti berasingan.

Pada masa yang sama, inisiatif pengurusan modal Kumpulan perlu mematuhi peraturan baru dan piawaian berhemat dan pengurusan modal yang ditetapkan oleh BNM.

Mengenai status PN17 Syarikat, memang Lembaga Pengarah berhasrat untuk mengekalkan status penyenaraian Syarikat. Justeru, Syarikat telah, pada 30 Januari 2015, mengemukakan permohonan kepada Bursa Securities untuk lanjutan masa bagi mematuhi Perenggan 8.04(3) dan nota amalan PN17 Keperluan Penyenaraian. Pada 23 Mac 2015, Bursa Securities telah memberikan lanjutan masa sehingga 30 Jun 2015 untuk Syarikat mengemukakan rancangan penyusunan semula.

PENGIKTIRAFAN DAN PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan ribuan terima kasih kepada pasukan Pengurusan dan Kakitangan diatas komitmen, dedikasi dan sumbangan mereka untuk memastikan pertumbuhan dan kejayaan berterusan Kumpulan.

Saya juga ingin mengambil kesempatan ini untuk merakamkan penghargaan kami kepada pelanggan, ejen, sekutu perniagaan dan pemegang saham kami kerana sokongan, keyakinan dan kepercayaan tidak berbelah bahagi mereka terhadap kami.

Akhir sekali, saya ingin mengucapkan terima kasih kepada ahli Lembaga Pengarah kerana panduan dan sumbangan mereka kepada Kumpulan.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
Pengerusi Eksekutif

ULASAN OPERASI PERNIAGAAN

ULASAN TAKAFUL MALAYSIA

Pada 2014, industri Takaful Keluarga Malaysia mencatatkan penyusutan kecil sebanyak 0.7% dalam jumlah Sumbangan Bersih kepada RM4.8 bilion (2013: RM4.8 bilion, +5.0%), manakala perniagaan Takaful Am mencatatkan peningkatan 5.6% dalam jumlah Sumbangan Diraih kepada RM1.5 bilion (2013: RM1.4 bilion, +8.4%).

Pada tahun yang dilaporkan, MAA Takaful mengatasi industri dengan mencatatkan peningkatan 42.4% dalam Sumbangan Diraih Kasar Takaful Keluarga kepada RM367.6 juta (2013: RM258.2 juta) dan peningkatan 32.9% dalam Sumbangan Diraih Kasar Takaful Am kepada RM286.8 juta (2013: RM215.8 juta).

Namun begitu, Dana Takaful Keluarga MAA Takaful mencatatkan Rugi Sebelum Cukai ("RSC") RM11.3 juta (2013: Sifar). RSC timbul akibat peningkatan dalam manfaat takaful bersih dan pembayaran tuntutan khususnya daripada produk perubatan dan kesihatan yang seterusnya menyebabkan penamatan sokongan treati takaful semula, lantas menimbulkan rizab yang lebih tinggi. Di bawah Piawaian Laporan Kewangan Malaysia, kerugian dalam dana risiko takaful akan diserap dan diiktiraf sedemikian oleh pengendali takaful di peringkat syarikat. Walau bagaimanapun, terdapat pemindahan lebihan berjumlah RM11.0 juta (2013: RM7.3 juta) kepada Dana Pemegang Saham daripada dana risiko takaful berkaitan pelaburan sepanjang tahun kewangan.

Dana Takaful Am MAA Takaful mencatatkan RSC RM0.6 juta (2013: USC RM1.6 juta). RSC disebabkan terutamanya oleh belanja yuran wakalah lebih tinggi dan peruntukan rosot nilai bagi penghutang insurans, walaupun terdapat peningkatan dalam manfaat takaful bersih dan nisbah tuntutan kepada 51.9% (2013: 60.7%).

Dana Pemegang Saham MAA Takaful mencatatkan USC lebih rendah sebanyak RM8.2 juta (2013: RM13.0 juta), selepas mengambil kira pemindahan lebihan RM11.0 juta (2013: RM7.3 juta) daripada Dana Takaful Keluarga dan tiada pemindahan (2013: RM1.6 juta) daripada Dana Takaful Am. Untung lebih rendah disebabkan terutamanya oleh perbelanjaan pengurusan dan komisen lebih tinggi.

MAA Takaful menjangkakan persekitaran operasi di dalam sektor Takaful kekal positif, walaupun menghadapi cabaran yang timbul daripada perubahan peraturan yang disyorkan dan perkongsian kerugian mandatori yang dikenakan oleh Insurans Kenderaan Berkelompok Malaysia walaupun tarikh berkuatkuasa pelaksanaan ini masih belum diumumkan.

Sebagai sebahagian daripada tindak balas strategik kepada perkembangan terkini, MAA Takaful akan menggiatkan usaha untuk menambah baik proses dalaman berkaitan taja jamin, penetapan harga, kredit dan kawalan kos, melancarkan produk baru yang inovatif, meluaskan asas pelanggan, mengekalkan agensi yang berkualiti dan produktif, menubuhkan cawangan baru dan mempelbagaikan saluran pengedaran.

ULASAN INSURANS ANTARABANGSA

MAA International Assurance Ltd ("MAAIA"), bahagian insurans dan pelaburan luar pesisir Kumpulan yang berpangkalan di Labuan mencatatkan RSC RM12.9 juta, (2013 RSC: RM8.2 juta). RSC ini disebabkan terutamanya oleh peruntukan rosot nilai berjumlah RM13.0 juta yang dibuat berkaitan dengan wang pendahuluan yang diberikan kepada PT MAAG untuk menyokong perbelanjaan perniagaan bakian syarikat. Dengan perniagaan am dan insurans semula hayat dilupuskan sepenuhnya menerusi penjualan MAA Assurance pada 2011 ditambah pula dengan dana bon berkaitan pelaburan terakhir yang matang pada tahun dilaporkan, MAAIA akan kekal terutamanya sebagai bahagian pelaburan Kumpulan pada masa depan.

PT MAAG mencatatkan USC berjumlah RM17.0 juta pada 2014 (2013: RSC RM28.1 juta), yang disumbangkan terutamanya oleh pendapatan RM16.5 juta yang timbul daripada penepian liabiliti tuntutan daripada rundingan untuk mengurangkan pembayaran. Pada 2013, kerugian dialami kerana kesan baki perniagaan daripada penamatan penuh aktiviti taja jamin, pemulangan premium bagi polisi dibatalkan, kerugian rosot nilai bagi penghutang insurans dan peruntukan bagi perbelanjaan pemberhentian kerja kakitangan. Rundingan bagi pengurangan tuntutan dan komutasi dengan penginsurans semula masih sedang dilaksanakan.

Pada tahun yang dilaporkan, Perniagaan Insurans Am di Filipina memberikan sumbangan positif kepada keputusan Kumpulan dengan sumbangan USC RM2.1 juta (2013: RM0.5 juta). Untung lebih tinggi disebabkan terutamanya oleh peningkatan 7.8% dalam premium kasar kepada RM83.4 juta (2013: RM77.2 juta) dan tuntutan bersih lebih rendah yang ditanggung yang membolehkan rizab tuntutan dilepaskan.

ULASAN PEMBIAYAAN GADAI JANJI AUSTRALIA

Kumpulan syarikat bersekutu milik 49% di Australia, Columbus Capital Pty Ltd ("CCAU") yang terlibat dalam perniagaan pinjaman gadai janji runcit dan pensekuritian hutang mencatatkan USC lebih rendah sebanyak RM0.3 juta (2013: RM1.2 juta) pada tahun yang dilaporkan. Untung lebih rendah disebabkan hasil operasi lebih rendah yang timbul daripada pengurangan portfolio pinjaman kerana pembayaran balik mengatasi pemberian pinjaman dan perbelanjaan operasi yang lebih tinggi terutamanya untuk kos kakitangan dan perbelanjaan berkaitan IT, yang timbul daripada penggunaan sumber dalaman bagi operasi kredit dan kutipan. Namun begitu, CCAU mencatatkan margin faedah kasar lebih tinggi sebanyak 10.8% berbanding 8.4% pada 2013.

Dalam pada itu, CCAU akan terus menguruskan portfolio gadai janji sedia ada secara aktif dengan matlamat mengukuhkan lagi margin faedah dan pada masa yang sama meningkatkan kapasiti pemberian pinjaman untuk mengembangkan perniagaannya.

Mengenai cadangan langganan kepentingan ekuiti tambahan dalam CCAU di bawah rancangan penyusunan semula PN17 Kumpulan, yang akan meningkatkan kepentingan ekuiti efektif Kumpulan dalam CCAU daripada 47.95% kepada 55%, Kumpulan kini sedang menilai dengan teliti keupayaan syarikat menjana keuntungan jangka panjang yang mampan sebelum mengambil langkah seterusnya.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of the Group for the year ended 31 December 2014.

OPERATING ENVIRONMENT

In 2014, global economic activity expanded at a moderate pace although somewhat uneven across the major economies. Asia's economy was generally driven by domestic demand and exports with low inflation due to the decline in energy prices. Consistent with this, the Malaysian economy grew by 6.0% (2013: 4.7%) in 2014, on the back of healthy private sector demand and growth in net exports.

Last year, the Malaysian Life Insurance and Family Takaful industry grew at a moderate rate, with total net premiums/contribution income, increasing by 7.4% (2013: 5.7%) to RM33.6 billion (2013: RM31.3 billion), supported by the continuing robust growth in investment-linked business that accounted for 42% (2013: 39%) of new business premiums/contributions. On the other hand, the Malaysian General Insurance and Takaful industry showed a growth in premium/contribution income of 7.5% (2013: 11.0%) to RM16.3 billion (2013: RM15.2 billion), on account of sustained motor vehicle sales.

PERFORMANCE REVIEW

As disclosed in the ensuing section, Update on Recent Corporate Proposals, the Group's disposed subsidiaries, namely Malaysian Assurance Alliance Berhad ("MAA Assurance") (now known as Zurich Insurance Malaysia Berhad - ZIMB) which was disposed to Zurich Insurance Company Ltd ("Zurich") and MAAKL Mutual Bhd ("MAAKL Mutual") (now known as Manulife Asset Management Services Berhad), has been classified as "Discontinued Operations" in the financial statements following the applicable approved accounting standards.

Total Revenue

For the year under review, the Group's Total Revenue decreased marginally by 0.4% to RM539.2 million (2013: RM541.5 million), of which Continuing Operations recorded an increase of 19.2% to RM518.7 million (2013: RM435.0 million) and Discontinued Operations recorded a decrease of 80.8% to RM20.5 million (2013: RM106.5 million). In 2013, the Total Revenue of Discontinued Operations included the revenue of disposal subsidiary, MAAKL Mutual and the gain on disposal there in.

Under the Conventional Insurance business segment, the General Insurance Division recorded a significantly reduced Total Gross Earned Premiums of RM0.1 million (2013: RM28.2 million), which emanated wholly from the Groups' continuing operations in Indonesia. The lower gross earned premium during the year is attributable to the run-off effects on the said operations that commenced in 2013.

Under the Takaful Business, both the General Takaful and Family Takaful Divisions registered higher Gross Earned Contributions of RM286.8 million (2013: RM215.8 million) and RM367.6 million (2013: RM258.2 million) respectively.

The Group's Shareholders Fund recorded Total Revenue of RM220.2 million (2013: RM318.2 million). Continuing Operations recorded a decrease of 5.7% to RM199.7 million (2013: RM211.7 million) while Discontinued Operations recorded a decrease of 80.8% to RM20.5 million (2013: RM106.5 million). The higher total revenue from the Discontinued Operations in 2013 was mainly from MAAKL Mutual.

Profit / Loss Before Taxation

The Group recorded a higher Profit Before Taxation ("PBT") of RM19.2 million for the year under review (2013: PBT RM8.9 million). Continuing Operations recorded a lower Loss Before Taxation ("LBT") of RM1.1 million (2013: LBT RM9.6 million) whereas Discontinued Operations recorded a higher PBT of RM20.3 million (2013: PBT RM18.5 million).

In the Conventional Insurance space, the General Insurance Division comprising wholly of the Indonesian operations turned around to record a PBT of RM17.0 million (2013: LBT RM28.1 million). On the other hand, the Life Insurance Division constituted by the Labuan based offshore insurance operations registered a small PBT of RM183,000 (2013: LBT RM1.0 million).

In the Takaful business, the General Takaful Division recorded a LBT of RM0.6 million (2013: PBT RM1.6 million). Similarly, the Family Takaful Division recorded a LBT of RM11.3 million (2013: Nil) due mainly to the deficit in the non-investment linked takaful risk fund stemming from higher reserving requirements for the medical portfolio. A compensating development was the surplus transfer of RM11.0 million (2013: RM7.3 million) to the Shareholder's Fund from the investment-linked takaful risk fund.

The Group's Shareholders' Fund recorded a lower PBT of RM14.0 million (2013: PBT RM36.4 million) after accounting for the RM11.0 million (2013: RM7.3 million) surplus transferred from the Family Takaful Fund. Continuing Operations recorded a LBT of RM6.3 million (2013: PBT RM17.9 million) and the Discontinued Operations recorded a PBT of RM20.3 million (2013: PBT RM18.5 million).

CHAIRMAN'S STATEMENT
(continued)

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
Executive Chairman

The loss from Continuing Operations for 2014 arose mainly from higher management and commission expenses incurred by MAA Takaful Berhad, loss recorded by MAA Cards Sdn Bhd and bad debts provided by MAA Credit Berhad. The profit recorded in 2013 was contributed by a net fair value gain of RM12.7 million recognised from bonds transferred from ZIMB under the terms of the first settlement agreement with Zurich, a write-back of impairment loss made previously on investments in associate companies and higher net realised fair value gains from investments.

For the Discontinued Operations, the profit for 2014 was contributed mainly by a write-back of RM12.5 million pursuant to the execution of a second settlement agreement with Zurich and a gain of RM7.6 million from the disposal of a subsidiary. The profits attributed to Discontinued Operations in 2013 included a further gain of RM14.3 million from the disposal of MAA Assurance, a PBT contribution of RM4.3 million from MAAKL Mutual, cum a gain of RM45.0 million arising from the disposal of the company. However, these were offset partly by a provision of RM45.0 million made in respect of Zurich's Counterclaims.

As at 31 December 2014, the Group's Total Assets stood at RM1.6 billion (2013: RM1.4 billion) with Earnings Per Share ("EPS") of 5.5 sen (2013: 1.6 sen).

BUSINESS OPERATIONS REVIEW

For the year under review, the Group's major operational segments were:

- Takaful Business in Malaysia
- International Insurance
- Mortgage Financing in Australia

Details of their respective performances are discussed separately in the attached pages.

DIVIDENDS

During the year under review, the Company paid a first and second interim dividend of 3 sen per share under the single-tier dividend system totalling RM9.1 million each on 18 April 2014 and 31 July 2014 respectively.

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.

UPDATES ON RECENT CORPORATE PROPOSALS

The Group is pleased to provide the following updates:

(a) On 30 September 2013, the Company announced that RM55.1 million had been retained in an escrow account with regards to the proceeds from the sale of MAA Assurance to Zurich until the latter's outstanding claims are resolved.

The outstanding claims ("Zurich's Counterclaims"), related to the alleged breach of warranties and indemnities for 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 at that point in time.

On 1 August 2014, the Company entered into a second settlement agreement 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 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) were to be released to the Company.

CHAIRMAN'S STATEMENT
(continued)

(ii) With effect from the date ("Settlement Date") that the payments are made to Zurich and the Company, the disputes in relation to Zurich's Counterclaims shall be deemed to be fully and finally settled.

(iii) With effect from the Settlement Date, the parties agreed to discontinue the arbitration proceedings with respect to Zurich's Counterclaims and to bear the Singapore International Arbitration Centre (SIAC) costs in equal proportion.

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

(b) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements which applies to a listed issuer that has suspended or ceased its major business, i.e. in this case, the disposal of MAA Assurance.

The Company did not trigger any of the other prescribed criteria of PN17 such as the consolidated shareholders' equity being 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 PN17 to announce details of a regularisation plan. Since November 2012, the Company has submitted applications to Bursa Securities for extension of time to submit the regularisation plan as it is still in the midst of formulating the same.

Bursa Securities has granted approvals for the extension of time with the last extension being up to 31 January 2015, 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 trading in the Company's listed securities and to delist 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 the regularisation plan to the regulatory authorities on or before 31 January 2015;

(iii) The Company fails to obtain the required regulatory approvals 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 Company's listed securities on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and delist the Company, subject to the Company's right to appeal against the delisting.

On 30 December 2014, the Company announced a regularisation plan that includes, inter alia the proposed settlement of all obligations and liabilities of PT MAA General Assurance (PT MAAG) and the subsequent divestment/dissolution of the company, proposed subscription of additional equity interest in the associated company, Columbus Capital Pty Ltd ("CCAU") which will increase the Group's effective 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 delist 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 delist the Company, subject to the Company's right to appeal against the delisting.

CHAIRMAN'S STATEMENT
(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 ("Proposed Acquisition") a 30% interest in Pusat Tuisyen Kasturi Sdn Bhd ("PTKSB") and Keris Murni Sdn Bhd ("KMSB") 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 amounting to 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, a wholly-owned subsidiary of MAA Corp.

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 had ceased operations for a total cash consideration of RM10 (Ringgit Malaysia: Ten Only) to external parties.

(e) On 2 October 2014, MAA Credit Berhad disposed its entire equity interest held in a subsidiary, Nilam Timur Sdn Bhd ("NTSB") for a total cash consideration of RM10 (Ringgit Malaysia: Ten Only) together with a RM1.5 million full and final cash settlement of an outstanding loan due by NTSB to MAA Credit Berhad by the purchaser.

(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 in MAACA Labuan Ltd ("MAACA Labuan"), for a total cash consideration of RM66,776 (Ringgit Malaysia: Sixty Six Thousand Seven Hundred and Seventy Six Only), 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 the same amount.

Other than as stated above, there were no other corporate proposals announced but not completed as at the reporting date.

CORPORATE SOCIAL RESPONSIBILITY

The Group has always remained committed to its quest to be a responsible and caring corporate citizen.

Continuing from previous years, the Group discharges its corporate social responsibilities primarily through the 'MAA Medicare Kidney Charity Fund', now renamed as 'MAA Medicare Charitable Foundation' which provides quality dialysis and healthcare at subsidised treatment costs to kidney patients and their families across the country.

The Group also actively supports 'The Budimas Charitable Foundation' in its objective of providing for the welfare of underprivileged and poor children through the establishment of its own charitable home, extending financial aid to supported charitable homes and educational facilities and setting up libraries in rural and poor villages throughout the country.

Details of the Group's Corporate Social Responsibility activities are discussed separately in the attached pages.

INDUSTRY DEVELOPMENTS

On the life insurance and family takaful front, Bank Negara Malaysia ("BNM") published a concept paper on the Life Insurance and Family Takaful Framework ("LIFT Framework") in November 2013 aimed at raising the efficiency and effectiveness of delivery channels and promoting greater product innovation. In 2014, BNM conducted extensive engagements with the industry and other stakeholder groups on the reform package. Arising from these interactions, BNM will be implementing the LIFT Framework in phases beginning 2015. Amongst others, the measures encompass:

- The implementation of direct channels and product aggregators to enable consumers to compare products across different providers and purchase life insurance or family takaful products through direct channels such as the internet.
- Revision of the regulatory framework governing financial advisers to accord greater operational flexibility and to enhance the list of recognised qualifications for financial advisers.
- Removal of agency financing scheme limits and aligning the cost structures between bancassurance/bancatakaful and corporate agents for non-investment linked products other than the pure protection products.
- Introduction of a balanced scorecard approach for all intermediaries to drive increased professionalism and service quality, and to ensure consumer needs for advice and information is effectively met.
- The liberalisation of commission structures for investment-linked products, including the introduction of minimum allocation rates, to spur product innovation.

In the general insurance and takaful sector, BNM continued with its initiatives under the New Motor Cover Framework with marked improvements achieved in the areas of claims settlement, following the establishment of the Accident Assist Call Centre and issuance of the Motor Claims Guide in 2013. BNM also undertook a third round of motor premium adjustments under the de-tariffication exercise in February 2014 for three (3) vehicle classes, private cars, motorcycles and express buses, as part of the transition towards a market-based pricing environment in 2016 where premiums will be reflective of risks. Towards this end, the industry is expecting BNM to announce in 2015, a detailed roadmap setting out the approach that will be taken to achieve full market based pricing.

CHAIRMAN'S STATEMENT
(continued)

In 2014, BNM also issued a concept paper titled "Approach to Regulating and Supervising Financial Groups" for initial consultations on the proposed capital and prudential standards for banks and insurance/takaful holding companies ("Financial Groups"), pursuant to the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA"). To date, BNM has not issued the final standards on these areas.

On the external front, the Labuan Financial Services Authority ("Labuan FSA") issued a Consultation Paper on "Insurance Capital Adequacy Framework" ("ICAF") in January 2014 for the insurance industry in Labuan International Business and Financial Centre. The Consultation Paper suggests replacing the current Margin of Solvency requirement with the Risk Based Capital regime which will be rolled out in phases once the prudential standards are finalised.

All these new regulatory changes and impending proposals once implemented will inevitably change and shape the way insurance and takaful operators in Malaysia will conduct their businesses, with special emphasis on how they manage their risks and capital, protect consumer interests and improve operational efficiency to drive down costs.

Lastly, the Goods and Services Tax ("GST") which is effective 1 April 2015 will undoubtedly impact the insurance and takaful sectors as well as consumers at large. GST at the current prescribed rate of 6% will be charged on the premiums for medical, critical illness, personal accident, general insurance and general takaful businesses, as standard rated goods and supplies. The life insurance and family takaful businesses are categorised as exempted rated goods and supplies, except that the monthly cost of insurance for investment-linked policies and medical, critical illness and personal accident riders will be subject to GST. In addition to these, all fees and charges relating to administrative services will also attract GST.

PROSPECTS

For 2015, despite the challenging external economic environment, BNM has projected a Gross Domestic Product growth, of between 4.5% and 5.5%, largely driven by sustained expansion in domestic demand and exports.

For the Group, it will continue to face strong competition in its takaful operating environment in light of the enacted new regulations, further tightening of prudential standards and market liberalisation initiatives by the regulator. Nevertheless, the Group is committed to accelerating the sustained growth of its takaful business and will also focus on returning it to profitability through enhanced underwriting standards, repricing of products and effective cost control. Towards this end, the Group will also be strategizing on the optimum structure for splitting MAAT's family takaful and general takaful businesses as required under the ISFA. Licensed composite insurers and takaful operators are given a grace period of five (5) years beginning June 2013, to split the life/family takaful and general/general takaful businesses into separate entities.

At the same time, the Group's capital management initiatives moving forward will need to take cognisance of the new regulations and prudential standards which BNM will set.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company. As such, the Company had on 30 January 2015 submitted an application to Bursa Securities for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements. Bursa Securities has on 23 March 2015 granted an extension of time of up to 30 June 2015 for the Company to submit a regularisation plan.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to thank the Management team and Staff for their commitment, dedication and contributions to ensure the continued growth and success of the Group.

I would also like to take this opportunity to extend our appreciation to our valued customers, agents, business associates and the shareholders for the invaluable support, confidence and trust they have placed in us.

Finally, I would like to thank my fellow Board members for their stewardship and contributions to the Group.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
Executive Chairman

BUSINESS OPERATIONS REVIEW

MALAYSIAN TAKAFUL REVIEW

In 2014, the Malaysian Family Takaful industry recorded a marginal contraction of 0.7% in total Net Contributions to RM4.8 billion (2013: RM4.8 billion, +5.0%), whilst the General Takaful business registered a 5.6% increase in total Earned Contributions to RM1.5 billion (2013: RM1.4 billion, +8.4%).

During the year under review, MAA Takaful outpaced the industry to record a 42.4% increase in Family Gross Earned Contributions to RM367.6 million (2013: RM258.2 million) and a 32.9% increase in General Gross Earned Contributions to RM286.8 million (2013: RM215.8 million).

Nevertheless, the Family Takaful Fund of MAA Takaful recorded a Loss Before Taxation ("LBT") of RM11.3 million (2013: NIL). The LBT arose due to an increase in net takaful benefits and claims payments particularly from medical and health products which in turn led to the termination of re-takaful treaty support thereby necessitating higher reserving. Under the applicable Malaysian Financial Reporting Standards, losses in the takaful risk fund will be taken up and recognised as such by the takaful operators at the company level. Nevertheless, there was a surplus transfer of RM11.0 million (2013: RM7.3 million) from the investment-linked takaful risk fund to the Shareholder's Fund during the financial year.

The General Takaful Fund of MAA Takaful recorded a LBT of RM0.6 million (2013: PBT of RM1.6 million). The LBT was affected mainly by higher wakalah fee expenses and impairment allowances for insurance receivables, despite an improvement in the net takaful benefits and claims ratio to 51.9% (2013: 60.7%).

The Shareholders' Fund of MAA Takaful recorded a lower PBT of RM8.2 million (2013: RM13.0 million), after taking into account the surplus transfer of RM11.0 million (2013: RM7.3 million) from the Family Takaful Fund and no transfers (2013: RM1.6 million) from General Takaful Fund. The lower profit was due mainly to higher management and commission expenses.

MAA Takaful expects the operating environment in the Takaful Sector to remain positive, although faced with challenges brought about by regulatory changes alluded to and the mandatory sharing of losses incurred by the Malaysian Motor Insurance Pool although the effective implementation date of this arrangement is yet to be announced.

As part of its strategic response to the unfolding events, MAA Takaful will intensify its efforts to improve internal processes on underwriting, product pricing, credit and cost controls, roll out new innovative products, expand its customer base, maintain a quality and productive agency, establish new branches and diversify distribution channels.

INTERNATIONAL INSURANCE REVIEW

MAA International Assurance Ltd ("MAAIA"), the Labuan based offshore insurance and investment arm of the Group, recorded a LBT of RM12.9 million, (2013 LBT: RM8.2 million). The LBT was due mainly to an impairment allowance of RM13.0 million made in respect of advances extended to PT MAAG to support the company's business run-off expenses. With the general and life reinsurance businesses fully commuted with the sale of MAA Assurance in 2011 coupled with the last investment-linked bond fund maturing during the year, MAAIA will remain mainly as the investment arm of the Group moving forward.

PT MAAG recorded a PBT of RM17.0 million in 2014 (2013: LBT RM28.1 million), contributed mainly by an income of RM16.5 million arising from the waiver of claims liabilities from haircut negotiations. In 2013, the loss resulted from business run-off effects with the total cessation of underwriting activities, premium refunds for cancelled policies, impairment losses for insurance receivables and provisions for staff retrenchment expenses. The negotiations for claims haircut and commutations with reinsurers are still in progress.

During the year, the General Insurance Business in Philippines contributed positively to the results of the Group with a contributory PBT of RM2.1 million (2013: RM0.5 million). The higher profit was due mainly to the 7.8% increase in gross premiums to RM83.4 million (2013: RM77.2 million) and lower net claims incurred which resulted in a release of claims reserves.

AUSTRALIAN MORTGAGE FINANCING REVIEW

The Group's 49% associate company in Australia, Columbus Capital Pty Ltd ("CCAU") which is in the business of retail mortgage lending and loan securitisation, recorded a lower PBT share of RM0.3 million (2013: RM1.2 million) during the year. The reduced profit is attributable in the main to lower operating revenue arising from the reduction in loan portfolios as repayments exceeded originations and increased operating expenses mainly for staff and IT related expenses, resulting from the insourcing of credit and collection operations. Nevertheless CCAU recorded an improved gross interest margin of 10.8% compared to 8.4% in 2013.

Moving forward, CCAU will continue to manage its existing mortgage portfolios actively with a view to further improve interest margins and simultaneously enhance its origination capacity to grow its business.

On the proposed subscription of additional equity interest in CCAU under the Group's PN17 regularisation plan that will effectively increase the Group's equity interest in CCAU from 47.95% to 55%, the Group is currently critically assessing the long-term sustainable profit generating capability of the company before taking the next steps.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of the Company is pleased to present this statement on the Company's corporate governance practices and the Company's application of the principles and compliance with the recommendations under the Malaysian Code on Corporate Governance 2012 ("Code") for its financial year ended 31 December 2014.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Company is led by its Board of Directors ("Board") which has the overall responsibility to provide strategic guidance and effective oversight of management of the Company towards effectively achieving good governance and protection of its shareholders' interest.

1.1 Clear Functions of the Board and Management

To ensure the effective discharge of its function and responsibilities, the Board had established a Board Charter which clearly sets out the relevant matters reserved for the Board's approval, as well as those that are delegated to the Board Committees and Chief Executive Officer.

Key matters reserved for the Board's decision include, inter alia, the following:

- Acquisition and disposal of assets of the Company or of its subsidiaries that are material in nature;
- Investment in new business;
- Divestment / sale of existing business;
- Related-party transactions of a material nature;
- Authority levels for core functions;
- Outsourcing of core business functions; and
- Corporate proposal on fund raising.

The Board Committees are authorised by the Board to undertake the duties and responsibilities in accordance with their respective Terms of Reference. The Chairman of the respective Board Committees reports its recommendation to the Board on matters deliberated in the Board Committee meetings.

1.2 Roles and Responsibilities of the Board

The role of the Board is to effectively represent and promote the interests of the shareholders with a view to adding long term value to the Company's shares. The Board will also direct and supervise the management in relation to the business and affairs of the Company.

In discharging its stewardship responsibilities, the Board has formally assumed the six (6) specific responsibilities as follows:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management;
- Developing and implementing an investor relations programme or shareholders communication policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has continued in the financial year 2014, to review, assess and oversee the progress of the Group's internal restructuring plans including the on-going implementation of the PT MAA General Assurance's liabilities settlement plan, review of the performance of Columbus Capital Pty Ltd in relation to the proposed increase of the Company's equity interest in Columbus Capital Pty Ltd, and evaluation of its group structure and re-organization plans to meet the requirements of the Islamic Financial Services Act 2013 which involves splitting of the existing composite license of MAA Takaful Berhad into two (2) capitalized legal entities that is family takaful and general takaful insurance.

The Board has also during the course of the year, evaluated the possible options for the Group in review and formulation of its regularisation plan pursuant to Practice Note 17. The Company has announced its proposed regularisation plan on 30 December 2014.

1.3 Code of Conduct

The Group's Code of Conduct which sets out standards of business and ethical conduct based on general principles including, amongst others, integrity, honesty, fair dealing, confidentiality and diversity which guides all directors and employees in the conduct of their business and that of the Group, in order to enhance the standard of corporate governance and behaviour.

1.4 Strategies Promoting Sustainability

In continuation of the Group's long term commitment towards promoting sustainability, the Group continues to implement the various initiatives introduced in prior years as disclosed in the previous Annual Reports. The Board is continually mindful of the environmental, social and governance aspects in its decision making for the Group's business and operations. Further details of the sustainability initiatives and activities are set out in the Corporate Social Responsibility statement of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

1.5 Access to Information and Independent Professional Advice

The Board is given unrestricted access to the advice and services of the Company Secretary and the Senior Management staff in the Group, and has full and unlimited access to any information pertaining to the Group.

The Directors have direct communication channels with the Internal and External Auditors, and are able to convene meetings with the External Auditors whenever deemed necessary.

The Directors are also allowed under the Company's procedure to obtain independent professional advice concerning the conduct of business and affairs of the Company in order to discharge their duties effectively and such costs are borne by the Company.

1.6 Qualified and Competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its duties. The Company Secretary advises the Board in relation to the Company's Board policies and procedures and compliance with the relevant regulatory and listing requirements.

1.7 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles and responsibilities which are in line with the principles of good corporate governance. The Board Charter had been reviewed and revised by the Board on 23 April 2013. The Board will continue to review the Board Charter periodically as may be necessary in order to ensure it remains updated should there be changes to the Company's policies, procedures and processes or the relevant legislations and regulations.

2. STRENGTHEN COMPOSITION

2.1 Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee as at the date of this Annual Report are as follows:

Chairman	: Tan Sri Datuk Seri Razman Md Hashim - Independent Non-Executive Director
Members	: Dato' Narendrakumar Jasani A/L Chunilal Rugnath - Independent Non-Executive Director
	Tan Sri Ahmad bin Mohd Don - Independent Non-Executive Director
	Onn Kien Hoe - Independent Non-Executive Director

The duties and responsibilities of the Nomination and Remuneration Committee are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, Chief Executive Officer/Managing Director (CEO/MD) and Senior Management and the appointment and evaluation of the performance of Directors.

The principal Terms of Reference of the Nomination and Remuneration Committee are as follows:

- To review and determine the mix of skills, experience and other qualities (including core competencies of Non-Executive Directors) on an annual basis;
- To assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis;
- To recommend a framework of remuneration for Directors, CEO and key senior officers of the Company and its subsidiary companies; and
- To recommend specific remuneration packages for Directors, CEO and key senior officers of the Company and its subsidiary companies.

The Nomination and Remuneration Committee meets at least once a year, with additional meetings convened as and when necessary. The Nomination and Remuneration Committee met twice during the financial year 31 December 2014 to review the results of the evaluation performed on the Board and Board Committees as well as to review, assess and recommend to the Board the remuneration package of the CEO, Executive Directors and Senior Management of the Company and its subsidiary companies.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

2.2.1 Assessment and Recruitment

The Nomination and Remuneration Committee is guided by its Terms of Reference and the Procedure for the Appointment and Removal of Directors and Review of the Effectiveness of the Board/Individual Directors, which sets out the various criteria and process for recruitment and annual assessment of directors.

The assessment of the effectiveness of the Board is an ongoing responsibility of the Nomination and Remuneration Committee.

For financial year ended 2014, and following the demise of Dato' Jaffar Indot on 8 April 2014, there has been no appointment of a new independent director to the Board. Whilst the Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group, it is mindful of the recommendation 3.5 of the Code, and the Nomination and Remuneration Committee continues to assess suitable candidates for recommendation to the Board. The Board has conducted a self-assessment on 26 February 2015 to assess the Board Committees, the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board during the year. The assessment covers inter alia the effectiveness of the Board structure and composition, Board operations and roles and responsibilities of the Board and the Board Committees.

2.2.2 Gender Diversity

The Company sees the participation of women as being fundamental to the achievement of equal opportunity in the workplace and has reviewed and continues to implement its Policy on Diversity and Non Discrimination. The relatively large number of female employees in the Group is proof that the gender diversity approach has long been in practice in the Group.

The Company further believes, by virtue of being the apex body overseeing key issues as strategy execution, management of risks and governance, that Board diversity translates into a more effective Board.

The Board is of the view that membership of the Board should be dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender.

2.3 Remuneration Policies

The Board is aware that fair remuneration is critical to attract, retain and motivate directors. The Nomination and Remuneration Committee in discharging its responsibilities in the review of the directors' remuneration considers various factors including the following:

- Directors' skills and experiences;
- Market rate for Executive Director's salary having regard to the nature of the Company's business;
- Evaluation conducted by the Nomination Committee with respect to the effectiveness and contribution of the Director concerned;
- Non-Executive Directors' time devoted to the Company's affairs; and
- Directors' experience and responsibilities undertaken.

The Remuneration of the Directors for the financial year ended 31 December 2014 is set out below:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	192,125
Salaries and allowances	4,433,185	58,750
Bonus	998,138	-
Other Benefits	84,100	-
Total	**5,515,423**	**250,875**

The number of Directors whose total remuneration falls within the following bands is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	5
RM200,001 to RM500,000	1	-
RM1,000,001 to RM1,500,000	1	-
RM1,500,001 to RM2,000,000	1	-
RM2,000,001 to RM2,500,000	1	-

STATEMENT ON CORPORATE GOVERNANCE
(continued)

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board conducts an annual self-assessment on the effectiveness of the Board and the Board Committees. The self-assessment includes assessment on the independence of the independent directors.

The Board values the independent and objective judgment brought by the Independent Directors to the Board, and recognises that the independence of the Independent Directors is crucial to provide an unbiased and independent view, advice and judgment to take into account the interest, of not only the Group but also of shareholders, employees and communities in which the Company conducts business.

Based on the assessment conducted on 26 February 2015, the Board is satisfied with the level of independence demonstrated by the present Independent Directors and their ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

The Board notes the recommendation on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

The Board currently has two (2) directors, Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who will have served as independent non-executive directors of the Company for a cumulative term of more than nine (9) years on 30 June 2015 and 12 October 2015 respectively.

The Nomination and Remuneration Committee has assessed and is satisfied with the ability of Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don to bring independence and objective judgement to Board deliberations, and recommends for them to continue to act as independent non-executive directors of the Company. Both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don have abstained from the assessment, deliberation and recommendation in respect of this matter. Throughout their tenure, it has been proven that Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don are able to provide an independent voice on the Board in challenging whilst participating in the Board's decision making process, and the Group has benefited from their commitment, wisdom and oversight as they have in-depth knowledge of the Group's business and operations and vast experience in the accounting and audit industry.

3.3 Shareholders' Approval for the Re-appointment of Non-Executive Directors

The Board agrees with the recommendation of the Nomination and Remuneration Committee and is seeking the shareholders' approval to retain Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don as independent non-executive directors of the Company.

3.4 Positions of the Executive Chairman and the Chief Executive Officer

The roles of Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah as the Executive Chairman and Datuk Muhamad Umar Swift as the Chief Executive Officer/Group Managing Director ("CEO/Group MD") are distinct and separate, each has a clearly accepted division of responsibilities as specified in the Board Charter to ensure accountability.

The responsibilities of the Executive Chairman include providing leadership to the Board, to chair the shareholders' meeting and to act as the Group's ambassador within the domestic and international market. The Executive Chairman participates in management committee meetings and further works with the Group MD/CEO on major strategic issues.

The CEO/Group MD is responsible to ensure the execution of strategic goals, implementation of all decisions of the Board and the strategy adopted by the Board and assumes full accountability to the Board for all aspects of the Company's day-to-day operations and overall performance of the Group.

Based on the annual assessment conducted on 26 February 2015 and recommendation made by the Nomination and Remuneration Committee, the Board is of the view that Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah has been able to perform his role and responsibilities as the Executive Chairman without any impairment of objectivity and always in consideration of the best interests of the shareholders and all stakeholders.

3.5 Composition of the Board

The Board is a balanced board with a complementary blend of expertise, with professional and business experiences relevant to the Group's business. These can be seen in the Board of Directors' profile section which illustrates the Directors' background and experiences.

The Board comprises of eight (8) members as at the date of this Annual Report, of whom four (4) are Independent Non-Executive Directors. The present composition is in compliance with Chapter 15.02 of the Bursa Securities Listing Requirements. Whilst the Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group and there is a balance of power and authority on the Board, the Board notes recommendation 3.5 of the Code which requires a majority of independent directors where the Chairman of the Board is not an independent director, and the Nomination and Remuneration Committee will continue to assess suitable candidates for recommendation to the Board.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 31 December 2014.

The Board has met five (5) times during the financial year ended 31 December 2014. The details of the attendance by each of the Directors for the financial year ended 31 December 2014 are as follows:

Members of the Board	Attendance	Percentage
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah (Chairman)	4/5	80%
Datuk Muhamad Umar Swift	5/5	100%
Yeo Took Keat	5/5	100%
Tan Sri Datuk Seri Razman Md Hashim	5/5	100%
Tan Sri Ahmad bin Mohd Don	5/5	100%
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	4/5	80%
Dato' Jaffar Indot *(Demised on 8 April 2014)*	0/1	0%
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	4/5	80%
Onn Kien Hoe	4/5	80%

An annual meeting calendar is prepared by the Company Secretary and circulated to all Directors before the beginning of every year which sets out the scheduled dates for meetings of the Board and Board Committees, in order to facilitate and foster the Directors' time planning and commitment to the Company.

The Nomination and Remuneration Committee is guided by the Company's Procedure for the Appointment and Removal of Director and will take into consideration various criteria in assessing new appointment of directorships to the Company including the number of directorships already held by the candidate and candidate's time availability and other commitments.

4.2 Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Nomination and Remuneration Committee evaluates the training needs of the Directors and recommends trainings to each Director to enable the Directors to discharge their duties effectively and proficiently, taking into account the individual needs of each of the Directors.

During the financial year ended 31 December 2014, the Directors have attended and participated in various programmes and forums which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The programmes or forums attended by the Directors include, inter alia, the following:-

Members of the Board	Programmes / Forum
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	• Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • In-House Directors' Training: Global Economic Review • Board of Chairman Series: The Role of the Board Chairman
Datuk Muhamad Umar Swift	• Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Bank Negara Dialogue Session with Nomination Committee Members • A Comprehensive Talent Based Approach to Board Recruitment • In-House Directors' Training: Global Economic Review • International Accountants Conference 2014 • World Congress of Accountants 2014
Yeo Took Keat	• GST from a Legal Perspective: GST Operations, Powers of Customs, Rights of Taxpayers, Appeals • Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Cyber Security Awareness Training • In-House Directors' Training: Global Economic Review • International Accountants Conference 2014 • World Congress of Accountants 2014 • MFRS Update 2014

STATEMENT ON CORPORATE GOVERNANCE
(continued)

Members of the Board	Programmes / Forum
Tan Sri Datuk Seri Razman Md Hashim	• Personal Data Protection Act 2010 • Cyber Security Awareness Training • Bursa Advocacy Session • Sunway Managers' Conference 2014
Tan Sri Ahmad bin Mohd Don	• Personal Data Protection Act 2010 • Nominating Committee Programme • Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Amendments and Changes to several MFRS Standards Applicable in 2014 and IFRS 15 – Revenue from Contracts with Customers
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• Cyber Security Awareness Training • In-House Directors' Training: Global Economic Review
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	• Interview for Approved Company Auditor and Liquidator • Chartered Tax Institute of Malaysia Tax Forum 2014 • By Laws: Highlights on Recent Amendments • Preparing for the New Accounting Models & New / Amended MFRS • Tax Seminar on Malaysian Budget 2015 • Grant Thornton International Global Conference • 2015 Budget Seminar • International Accountants Conference 2014 • World Congress of Accountants 2014
Onn Kien Hoe	• Chartered Tax Institute of Malaysia National Tax Conference 2014 • Cyber Security Awareness Training • In-House Directors' Training: Global Economic Review • Role of Internal Control and Internal Audit in Corporate Governance • National Tax Seminar 2014 • Revision on Auditing Standards

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Reporting Standards

The Company's annual financial statements and quarterly financial results are reviewed by the Audit Committee in consultation with the external auditors to ensure the reliability of the Company's financial statements in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965, before recommending for the Board's approval and submission to Bursa Securities for announcement.

5.2 Relationship with External Auditors

The Audit Committee reviews the appointment, performance and remuneration of the external auditors, before recommending them to the shareholders for re-appointment in the Annual General Meeting.

The Audit Committee convenes meetings with the external auditors without the presence of the Executive Directors and Management of the Group whenever it deems necessary.

During the financial year ended 2014, the Audit Committee had conducted two (2) meetings with the external auditors without the presence of the internal Auditors and Management to discuss their audit plan, audit findings, financial statements and other matters that require the Board's attention.

During the year, the Audit Committee had assessed Messrs PricewaterhouseCoopers ("PwC") and is satisfied with the suitability and independence of PwC as external auditors of the Company.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework

The Board through the Risk Management Committee and the Audit Committee, continually reviews the adequacy and effectiveness of the risk management processes and internal controls in place within the various operating units with the aim of strengthening the risk management functions and internal controls across the Company and the Group.

The features of the Company's risk management framework and the internal controls system are as highlighted in the Statement on Risk Management and Internal Control in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

6.2 Internal Audit Function

The Company has outsourced its internal audit function to KPMG Management and Risk Consulting Sdn Bhd beginning 2014, who has the relevant qualifications and is responsible in providing assurance to the Board via its periodical audit reports to the Audit Committee on the effectiveness of the internal controls.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies and Procedures

The Company has in place a Corporate Disclosure Policies and Procedures which sets out clear procedures on corporate disclosure requirements, its designated corporate disclosure officer and appointed spokespersons for the Company and respective roles and responsibilities of its management and officers to ensure that material information disclosed by the Company is accurate, timely and complete.

7.2 Leverage of Information Technology for Effective Dissemination of Information

Shareholders and investors can access the Company's website at www.maa.my for the latest corporate information of the Group. The Company's website provides all relevant information about the Company including its announcements and annual reports and is accessible by the public. Its corporate governance section includes, amongst others, the Board Charter and Code of Conduct of the Company.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholders Participation at General Meetings

The Board notes the recommendation 8.1 of the Code to take reasonable steps to encourage shareholders participation at the AGM. The Company will use best endeavours to serve the notice of the AGM meeting to shareholders earlier than the minimum notice period of at least twenty one (21) days before the date of the meeting in order to allow the shareholders to make necessary arrangements to attend and participate either in person or by proxy.

The Company also took note of the recommendation on e-voting and will explore the suitability and feasibility of employing electronic means for poll voting in future.

8.2 Poll Voting

The Company duly notes recommendation 8.2 of the Code to encourage poll voting, and Paragraph 10.08(7A) of the Bursa Securities Main Market Listing Requirements which mandates poll voting for related party transactions.

8.3 Effective Communication and Proactive Engagement

The forthcoming Annual General Meeting ("AGM") will be a good opportunity for proactive engagement and communication between the Board, shareholders and investors.

The Chairman and the Board members will be present to address all queries from shareholders on issues related to the Company. The shareholders will have direct access to the Board and are encouraged to participate in the question and answer session.

COMPLIANCE WITH CODE

The Board is satisfied that the Company has implemented the principles and recommendations under the Code and believes that all material aspects have been complied with reasonably and in the manner most suited and appropriate for the Company in the best interest of all stakeholders.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised from Corporate Proposal

During the financial year ended 31 December 2014, there were no proceeds raised by the Company from any corporate proposal.

2. Share Buy-Back

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

3. Options, Warrants or Convertible Securities

During the financial year ended 31 December 2014, there were no options, warrants or convertible securities exercised or converted by the Company.

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

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2014.

5. Sanctions and/or Penalties

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 2014.

6. Non-Audit Fees

During the financial year ended 31 December 2014, the following non-audit fee was incurred for services rendered by the external auditors or a firm or corporation affiliated to them:

(i) IDR 35 million (approximately RM9,800) incurred by the subsidiary company in Indonesia, PT MAA General Assurance, being fee for professional services rendered in connection with the agreed upon procedures for excess of loss claim recovery of the company.

7. Variation in Results

The Company did not make or announce any profit forecast or projection during the financial year ended 31 December 2014. There was also no variation of 10% or more between the audited results and the unaudited result which were announced for the financial year ended 31 December 2014.

8. Profit Guarantees

During the financial year ended 31 December 2014, 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 2014 or entered into since the end of the previous financial year.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION
(continued)

Recurrent Related Party Transactions of a Revenue or Trading Nature

On 20 June 2014, the Company sought approval for a shareholders' mandate for MAAG Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 29 May 2014) 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 Recurrent Transactions conducted during the financial year ended 31 December 2014 are:

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transaction (1/1/2013 - 31/12/2013) RM '000
MAAG Group	Corporate secretarial and related services fees paid and payable	Trace Management Services Sdn Bhd ("Trace")	A company in which TY* and TYY* have deemed interest by virtue of their substantial interest in The Melewar Corporation Berhad, the substantial shareholder of Trace.	334
MAAG	Management fee income	MAA Bancwell Trustee Berhad ("MAA Bancwell")	An associated company and a company in which TY and TYY have deemed interest by virtue of their substantial shareholdings in Melewar Group Berhad ("MGB"), a shareholder of MAA Bancwell.	60
MAA Takaful Berhad ("MAAT")	Provision of information technology facilities and services	MAA Bancwell	An associated company and a company in which TY and TYY have deemed interest by virtue of their substantial shareholdings in MGB, a shareholder of MAA Bancwell.	5
MAAG	Human resource system licence fee income	MAA Bancwell	An associated company and a company in which TY and TYY have deemed interest by virtue of their substantial shareholdings in MGB, a shareholder of MAA Bancwell.	-**
MAA Corporation Sdn Bhd ("MAA Corp")	Office service charge income	MAA Bancwell	An associated company and a company in which TY and TYY have deemed interest by virtue of their substantial shareholdings in MGB, a shareholder of MAA Bancwell.	-**
		Melewar Equities Sdn Bhd ("MESB")	A company is which TY is deemed interested in MESB and MESB is a subsidiary of Khyra. TY is the founder and ultimate beneficial owner of Khyra. TYY is deemed interested in MESB by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	10
		Melewar Industrial Group Berhad ("MIG")	TY and TYY are directors of MIG. TY is deemed interested in MIG by virtue of his indirect substantial interest in MESB, who in turn is the major shareholder of MIG. TYY is deemed interested in MIG by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	15

OTHER BURSA SECURITIES COMPLIANCE INFORMATION
(continued)

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transaction (1/1/2013 - 31/12/2013) RM '000
MAA Corp	Office rental income	MESB	A company is which TY is deemed interested in MESB and MESB is a subsidiary of Khyra. TY is the founder and ultimate beneficial owner of Khyra. TYY is deemed interested in MESB by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	44
		MIG	TY and TYY are directors of MIG. TY is deemed interested in MIG by virtue of his indirect substantial interest in MESB, who in turn is the major shareholder of MIG. TYY is deemed interested in MIG by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	68
		Trace	A company in which TY and TYY have deemed interest by virtue of their substantial interest in The Melewar Corporation Berhad, the substantial shareholder of Trace.	79
MAAG	Office rental charge	Melewar Integrated Engineering Sdn Bhd ("MIE")	TYY is a director of MIE. MIE is a subsidiary of MIG. TY is deemed interested in MIE by virtue of his indirect substantial interest in MIG. TYY is deemed interested in MIE by virtue of his family relationship with TY.	25
MAA International Assurance Ltd	Provision of corporate advisory services	MAACA Labuan Ltd ("MAACAL")	TY is deemed interested in MAACAL by virtue of his deemed substantial interest in MAA Corporate Advisory Sdn Bhd, who in turn is the subsidiary of MAA Corp, who in turn is a subsidiary of MAAG.	-

Definition:
* TY is Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
* TYY is Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
** transaction value below RM1,000

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2012 ("Code") recommends that the Board of Directors ("the Board") of listed Companies should maintain a sound risk management and internal control framework in order to safeguard shareholders' investments and the Company's and Group's assets. Bursa Malaysia Securities Berhad's Listing Requirements also requires the Board of a listed Company to include a statement on the state of their internal controls in their annual reports.

In view of the above, the Board of the Company is pleased to present the following statement that is prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board recognises its responsibility for upholding an effective and adequate risk management and internal control system, which contributes materially to good corporate governance. In line with this objective, the Board continually reviews the adequacy and effectiveness of the Group's risk management and internal control system to ensure it is embedded into all facets of the Group's activities. The Board reviews the processes, responsibilities and assesses on an on-going basis for reasonable assurance that risks are being managed and remain within the Group's risk appetite and tolerance range. Towards this end, the Board has agreed to outsource the Group Risk Management function to a specialist third party service provider. This initiative is aimed at eliminating the negative impact of the high personnel turnover experienced in recent years which in turn affected work quality, continuity, and coverage of the planned scope of work.

From time to time, the Board receives assurances from the Chief Executive Officer and Chief Operating Officer that the risk management and internal control system is operating in an adequate and effective manner, and that it is sufficient to safeguard the interests of the Company and the Group.

The Board acknowledges that a sound risk management and internal control system provides reasonable but not absolute assurance, that the Company and the Group will not be hindered in achieving its strategic objectives in the ordinary course of business.

The Board also accepts the fact that a sound internal control system, can only reduce, but not eliminate the risks deriving from poor judgment in decision-making, human error, control processes being deliberately circumvented by employees, and any other unforeseeable circumstances.

As part of the Group's effort to comply with the Malaysian Code on Corporate Governance as well as to enhance the overall risk governance structure, MAA Takaful Berhad ("MAAT") as the core operating subsidiary company has a dedicated Risk Management team. The Head of Risk Management of MAAT reports to their Risk Management Committee and Board.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") was established by the Board to review the effectiveness of the risk management process, to report on key risks and recommend appropriate risk management strategies for the Board's approval.

The Committee met four (4) times during the financial year. Membership of the Risk Management Committee as at the date of this Annual Report is as follows:

Chairman : Dato' Narendrakumar Jasani A/L Chunilal Rugnath - Independent Non-Executive
(Appointed as a member on 5 September 2012 and subsequently as Chairman on 17 April 2014)

Members : Tan Sri Ahmad bin Mohd Don *(Appointed on 5 September 2012)*
: Tan Sri Datuk Seri Razman Md Hashim *(Appointed on 17 April 2014)*
: Onn Kien Hoe *(Appointed on 17 April 2014)*

- The attendance status at the Risk Management Committee Meetings held during the financial year ended 31 December 2014 were as follows:

Name of Committee Members	Total Meetings Attended
Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Chairman, Independent Non-Executive Director)*	4/4
Onn Kien Hoe *(Member, Independent Non-Executive Director)*	3/3*
Tan Sri Ahmad bin Mohd Don *(Member, Independent Non-Executive Director)*	4/4
Tan Sri Datuk Seri Razman Md Hashim *(Member, Independent Non-Executive Director)*	3/3*

* There were three Risk Management Committee meetings held after the date of appointment (17 April 2014). One meeting was held in February 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

INTERNAL CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

Management acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal controls and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating units within the Group. Acknowledging the need for an effective and independent Internal Audit function as an integral part of the control structure and risk management framework of the Company and the Group, the Internal Audit activities is outsourced to an experienced and noted third party service provider. This is an initiative to improve the effectiveness of the Internal Audit function.

The Group's Enterprise Risk Management Framework serves to inform and provide guidance to Directors, senior management, and staff on managing risks in the Group. The Framework sets out the fundamental principles of risk management that are to be applied in all situations and throughout all levels of the organization, the process for identifying, assessing, responding and monitoring of risks and related reporting, the roles and responsibilities of each level of management in the Group, and the mechanisms, tools and techniques for managing risks.

The Board fully understands the contents of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and through the Risk Management Committee and the Audit Committee, continually reviews the adequacy and effectiveness of the risk management processes in place within the various operating units with the aim of strengthening the risk management functions across the Company and the Group.

The Board and Management also recognises and acknowledge that the development of an effective risk management and internal control system is an on-going process and to this end, maintains a continuous commitment to strengthen the existing risk management and internal control environment of the Company and the Group.

GROUP AUDIT AND RISK

The day-to-day responsibility for risk management is primarily supported by the Group Audit & Risk Department, which is charged with the responsibility of overseeing the implementation of the approved Enterprise Risk Management ("ERM") framework. The Group outsourced its Risk Management activities beginning 2014. The service provider commenced work at the end of 2013 by conducting training for the staff of MAA Group Berhad and MAA Takaful Berhad. The Group's appointed Liaison Officer serves as a key person representing the management in assisting the service provider to perform the engaged tasks.

During 2014, the outsourced service provider performed an assessment and review of the Group's ERM framework which was further enhanced and approved. It now complies with the ISO31000 Risk Management Standard. The implementation of the enhanced framework is ensured by the Group Audit and Risk Department.

Through a series of interviews and discussions, the Group's risk register was developed and risk owners were educated on accountability and the importance of managing risks. The Group's risk register has been embedded into Q-radar, the Risk Management system which serves as an important tool for risk monitoring and risk reporting and which is currently at its final stage of deployment. Following this initiative, the service provider conducted hands-on training on the Q-radar system for the staff of MAA Group Berhad and MAA Takaful Berhad to ensure the smooth adoption and utilisation of the Q-radar system throughout the Group.

To keep the Board updated on the emerging threat of cyber security affecting the business, there was a Cyber Security Awareness Training conducted for the members of the Board and its Committees during the year. The training provided Board members with an insight into the new thinking on information security, issues and how to effectively respond to these threats in an effective manner.

OTHER KEY RISK MANAGEMENT AND INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Investment Committee.

- A well defined organisational structure with clear segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.

- Budgets are prepared annually for the Business/Operating units and approved by the Board. The budgets which include both operational and financial parameters and longer term initiatives are monitored on a quarterly basis.

- The Chief Executive Officer meets monthly with Senior Management to discuss issues pertaining to the financial performance, business initiatives and other management and corporate issues of the Company and the Group.

- There are regular Board meetings and Board papers are distributed in advance to all Board Members. Decisions of the Board are only made after the required information is made available and deliberated on. The Board maintains complete and effective control over the strategies and direction of the Company and the Group.

- The Audit Committee reviews the effectiveness of the system of risk management and internal control of the Company and the Group on behalf of the Board. The Audit Committee comprises entirely of Non-Executive Members of the Board, who are also Independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Company and the Group. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary to the performance of its responsibilities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

- Reviews by the Audit Committee of all risk management and internal control issues identified by the external and internal auditors. Findings are communicated to the Management and the Audit Committee with recommendations for improvements and follow up reviews are conducted by the Group Audit and Risk Department to confirm all agreed recommendations are implemented. The internal audit plan is structured on a risk based approach and is reviewed and approved by the Audit Committee.

- Review of all proposals for material capital and investment opportunities by the Investment Committee and approval of the same by the Board prior to undertaking the expenditure.

- Generation of reports in respect of the business and operating units to enable proper review of the operational, financial and regulatory environment. Management Accounts are prepared on a monthly basis and is reviewed by the Chief Executive Officer together with the Senior Management.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that there was no significant weakness identified during the year in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Company and the Group. The Company and the Group continues to take the necessary measures to strengthen its internal control structure and the management of risks.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (“RPG”) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED ACCOUNTS

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and the Listing Requirements of Bursa Securities.

The Directors are also responsible for ensuring that the annual audited financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and the Group so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2014.

In preparing the annual audited financial statements, the Directors have:

(a) applied the appropriate and relevant accounting policies on a consistent basis;

(b) made judgments and estimates that are reasonable and prudent; and

(c) prepared the annual audited financial statements on a going concern basis.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The members of the Audit Committee are wholly Independent Non-Executive Directors. The details of members and attendance of meetings held during the financial year ended 31 December 2014 are as follows:

Name of Committee	No. of Meetings Attended
Onn Kien Hoe *(Chairman, Independent Non-Executive Director)*	5/5
Tan Sri Datuk Seri Razman Md Hashim *(Member, Independent Non-Executive Director)*	5/5
Tan Sri Ahmad bin Mohd Don *(Member, Independent Non-Executive Director)*	5/5
Dato' Jaffar Indot *(Member, Independent Non-Executive Director)* *(Demised on 8/4/2014)*	0/1
Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Member, Independent Non-Executive Director)*	4/5

The Company has fulfilled the requirements of Section 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to the composition of the Audit Committee. The Committee met according to the schedule of at least once every quarter. The Group Managing Director or Chief Executive Officer, Chief Operating Officer, Independent Non-Executive Directors, External Auditors and members of Senior Management were also invited to attend the meetings. Notice of meetings were given to the Audit Committee members accordingly and minutes of meetings and the Audit Committee Chairman's report were tabled at the Board. The Company Secretary is the Secretary to the Audit Committee.

The Audit Committee met twice with the External Auditor without the presence of the Executive Board members and Senior Management team during the year.

TERMS OF REFERENCE

Composition

The members of the Audit Committee shall be appointed by the Board from among the Directors of the Company and comprise of no fewer than three (3) Directors, of whom all must be Non-Executive Directors, with the majority of them being Independent Directors.

The members of the Audit Committee shall elect from among themselves, an Independent Non-Executive Director as Chairman of the Audit Committee.

All members of the Audit Committee should be financially literate and at least one (1) member of the Audit Committee:

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and:-
  - i. he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Where the Chairman is unable to attend a meeting, the members shall elect a person from among themselves as Chairman. No Alternate Director shall be appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the number of members being reduced to below three, the Company must fill the vacancy within three (3) months.

The Board of Directors must review the term of office and performance of the Audit Committee at least once every three (3) years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference.

Meetings

The Senior Management, Internal Audit, and External Auditors' representatives attend the meetings when appropriate. Other Board members and employees may attend meetings upon invitation by the Audit Committee. The Committee should meet with the External Auditors without Executive Board members being present at least twice every year.

AUDIT COMMITTEE REPORT
(continued)

Quorum

A quorum shall consist of a majority of Audit Committee members who are Independent Directors.

Secretary

The Secretary of the Company shall also be the Secretary of the Audit Committee. The Secretary shall be responsible for drawing up the agenda in consultation with the Chairperson and shall be responsible for keeping the minutes of the meetings of the Audit Committee, circulating them to committee members and ensuring compliance with regulatory requirements. The agenda together with relevant explanatory papers and documents are to be circulated to the committee members.

Authorities

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company:

- Have explicit authority to investigate any activity within its terms of reference;
- Be provided with resources as well as full and unrestricted access to all information which are required to perform its duties;
- Maintain direct communication channels and convene meetings with the Internal Auditors or External Auditors, or both, without the attendance of the Executive Directors and Senior Management team, whenever deemed necessary;
- Obtain, if it considers necessary, external independent professional advice and invite the attendance of outsiders with relevant experience; and
- Where there is a view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the requirements, the Audit Commitee must promptly report such a breach to Bursa Malaysia.

In discharging the above responsibilities, the Audit Committee is assisted by the Group Audit and Risk Department which is empowered by the Board to have:

The necessary resources which are required to perform its duties; and

- Full and unrestricted access to any information and documents relevant to its activities.

Duties and Responsibilities

The Chairman of the Audit Committee should engage on a continuous basis with Senior Management, such as the Chairman, Chief Executive Officer, Finance Director, Chief Audit Executive and the External Auditors in order to be kept informed of matters affecting the Company. The duties and responsibilities of the Audit Committee are as follows:

- **Internal Audit Function**

  i. To review the adequacy of the scope, functions, resources and competency of the Group Audit and Risk Department and ensure that it has the necessary authority to carry out its work;

  ii. To assess internal audit programmes, processes, results of audits and whether or not appropriate action has been taken on the recommendations; and

  iii. To review the Internal Audit reports and ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by Internal Audit.

- **External Audit**

  i. To consider the appointment of the External Auditor, the audit fee and any questions relating to their resignation or dismissal and make recommendations to the Board;

  ii. To assess the qualification, expertise, resources and effectiveness of the External Auditors;

  iii. To monitor the effectiveness of the External Auditors' performance and their independence and objectives;

  iv. To discuss with the External Auditor the audit plan, evaluation of the system of internal controls and the External Audit Report as well as to review the External Auditor's Management letter and Management's responses;

  v. To review major audit findings raised by the External Auditors and Management's responses, including the status of previous audit recommendations;

  vi. To review the assistance given by the Group's officers to the External Auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information; and

  vii. To review or approve non-audit services provided by the External Auditors.

AUDIT COMMITTEE REPORT
(continued)

- **Financial Reporting and Annual Report**

  To review the quarterly and year-end financial statements prior to recommending restatements to the Board, focusing particularly on:-

  i. Changes in accounting policies and practices;

  ii. Significant adjustments arising from the audit; and

  iii. Compliance with applicable accounting standards and other legal and regulatory requirements.

- **Related Party Transaction**

  To review related party transactions and conflict of interest situations that may arise within the Group including any transactions, procedures or course of conduct that may raise questions on the Management's integrity.

- **Investigations**

  Instruct an investigation on any activities or matters within its terms of reference.

- **Other Matters**

  Act on other matters as the Committee considers appropriate or as authorised by the Board of Directors.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2014, the Audit Committee has carried out its duties as set out in the terms of reference. The main activities were as follows:

Internal Audit Function

- Considered and approved the outsourcing of the internal audit function to an independent external service provider;
- Reviewed the annual audit plan of the service provider to ensure adequate scope and coverage over the activities of the Group, focusing mainly on high risk areas;
- Reviewed the effectiveness of the audit methodology, adequacy of resources and the competency of the outsourced Internal Auditors;
- Reviewed internal audit reports and Management's response to the audit recommendations; and
- Monitored Management's progress in implementing the audit recommendations.

External Audit

- Reviewed the audit scope, audit strategy, audit plan and Audit Report issued for the financial year;
- Assessed the objectivity and independence of the External Auditors during the year;
- Evaluated the performance and effectiveness of the External Auditors and made recommendations to the Board on their appointment and audit fees; and
- Reviewed major audit findings raised by the External Auditors and Management's response, including the status of previous audit recommendations.

Financial Reporting and Annual Report

- Reviewed the quarterly unaudited financial results and annual audited financial statements of the Group to ensure that financial reporting and disclosure requirements are in compliance with relevant standards and regulations, prior to recommending the same to the Board for approval.

GROUP AUDIT AND RISK

The Audit Committee is supported by Group Audit and Risk Department which plays a liaison role to assist the outsourced service provider in performing internal audit works for the Group and its significant operating subsidiaries except for MAA Takaful Berhad which is supported by their own Internal Audit Department.

AUDIT COMMITTEE REPORT
(continued)

The service provider has assisted the Board, Audit Committee and Senior Management in discharging their duties and responsibilities by providing an independent and objective assurance on the adequacy and effectiveness of the internal control system, risk management and governance processes. The audit scope covers operational, financial, compliance and information system controls. The results of the audit are reported to the Audit Committee on a quarterly basis to highlight internal control issues with risk exposure and effectiveness of the existing mitigating internal controls. An audit follow-up was also carried out by the Group Audit and Risk Department to report on the progress of implementing the audit recommendations to the Audit Committee. The total cost incurred for the outsourced internal audit function for the financial year ended 31 December 2014 was RM119,600.

During the financial year, the internal audit role by the service provider was carried out over 3 cycles based on a 5-phase approach as follows:

- Project initiation - set up of communications and reporting protocols. Execution of engagement planning to set out the basis under which the function will be conducted;
- Internal audit planning - discussions with Management to consider key risks for each of the identified auditable areas to determine the scope, extent and timing of the audits, which were then incorporated into an internal audit plan to be approved by the Board. The key activities include determining and prioritising the areas and key controls to be tested, identifying the associated resource requirements and assessing the adequacy and integrity of internal controls for the selected audit focus areas;
- Internal audit project - undertake assessment of the internal controls implemented by Management, focusing on the selected key audit areas based on the internal audit plan. The key objective was to understand key processes, validate and test key controls and make appropriate recommendations;
- Reporting and follow-up - report to the Board Audit and Management on the internal audit findings and scope for improvement; and
- Project management and continuous improvement - manage the process continually, coordinate internal audit timings, and improve the quality of services. Ongoing administration of the internal audit plan and resources for the overall engagement.

Following this work, there were some observations made and corrective actions have been taken to address the noted observations.

There is also an integrated approach now between the internal audit and risk management function where the risk assessment results are factored into internal audit planning to form a risk based auditing approach, an approach which is now being practiced.

Having learnt this experience, we were also able to incorporate and introduce a similar internal audit model for our associate companies.

CORPORATE SOCIAL RESPONSIBILITY

MAA Group Berhad ("MAAG" or the "Company") continuously strives to improve on existing policies with a view of incorporating responsible practices into our daily business operations.

We accept a truism that an organisation's values are strengthened through strategic CSR applications in the marketplace, environment, workplace and the community. Based on this understanding, the company undertook the following initiatives during the year.

CSR in the Marketplace

Transparency and ethical procurement practices protect the interests of stakeholders. By instilling CSR practices into our business strategies, we incessantly seek to provide equitable opportunities for our business partners.

Towards this end, the Company has introduced a revised procurement policy in the form of an Internal Control Programme to encourage a competitive bidding environment in the purchase of goods and services by the Company. Additionally, the Company has also strengthened the provisions of its Code of Conduct by explicitly restricting staff from accepting gifts from business partners or indulging in practises that would cast any semblance of doubt on the integrity of the commercial transactions to which the Company is party to.

CSR and the Environment

MAAG's business operations are not industrial in nature – nevertheless, we remain committed to operating in a manner that minimises the use of our earth's resources.

CSR within the Workplace

MAAG developed initiatives that aim to nurture the personal development of our employees.

1. Occupational Safety and Health ("OSH") – It emphasises all aspects of employee safety, health and welfare and ensures activities are compliant with the Department of Occupational Safety and Health (DOSH) standards.

   As such, in 2014, our OSH Department conducted Floor Wardens and Emergency Response Team ("ERT") training which included team building for ERT members, a "No Smoking" campaign, health screenings, two (2) blood donation drives, the Annual fire drill and emergency evacuation exercise, and participated in the "World No Tobacco Day".

2. Staff Training – A highly skilled work force is essential for growth. Staff training programmes are designed to suit various competency levels within the organisation. Employee training encompassed topics such as leadership and management skills, information technology, industrial training and technical training. In 2014 alone, a total of RM373,652.53 was spent on staff training.

3. Comprehensive Agency Training – Financial Consultants play a key role in supporting the growth of MAAG. As such, we are in continuous collaboration with Life Insurance and Market Research Association (LIMRA) International and Centre for Research and Training (CERT) to increase our training modules and materials.

   In addition, our agency leaders were enrolled in the Certified Agency Manager ("CAM") programme organised by University of Malaya Centre for Continuing Education (UMCCed). Through this programme, 27 meritorious MAA Takaful Top Agency Managers were awarded with the CAM certification during the First International CAM graduation ceremony.

CORPORATE SOCIAL RESPONSIBILITY
(continued)

4. Long Service Awards – Most of MAAG's staff are tenured staff. In 2014, a total of 37 employees completed 5 to 10 years of service and 7 employees completed 15 to 30 years of service. Awards in the form of mementos and cash were presented as a token of the Company's appreciation.

5. Gymnasium and Exercise Classes – Believing that a healthy mind and body contributes to a productive workforce, MAAG took the initiative to provide our employees with fitness facilities at a very, subsidised cost. In fact in 2014, the MAA gymnasium was equipped with a few new exercise machines.

   The Company also organised its inaugural fitness challenge which attracted the participation of 68 employees. Winners of this challenge took home cash prizes and complimentary MAA gymnasium memberships.

6. Diversity and Non Discrimination – MAAG believes that all employees should be offered equal opportunity to succeed in his or her career. In its effort to practice fairness and to avoid all forms of discrimination, the Company implemented a Policy on Diversity and Non Discrimination and is applicable to all employees in the Group.

CSR within our Community

1. MAA Medicare Charitable Foundation ("MAA Medicare") was established 20 years ago by MAAG to provide kidney dialysis treatment for the needy.

   In 2014 alone, MAA Medicare organised over 20 fundraising activities which raised more than RM270,000. Other notable fundraising activities were;

   - Roche Children's Walk raised RM46,000 in aid of MAA Medicare
   - "Jazzercise Malaysia Sweat 2 Smiles 2014" raised RM111,000 to purchase a van for patients' transport services
   - "Tree of Life" project raised more than RM85,000 by placing MAA Medicare on billboards in the Klang Valley

   With these funds, MAA Medicare was able to continuously provide treatment and care for over 850 kidney patients on highly subsidised affordable terms.

   This noble effort has given hundreds of kidney patients the chance to lead a normal life without the spectre of financial constraints threatening their compulsory treatment regime.

CORPORATE SOCIAL RESPONSIBILITY
(continued)

2. The Budimas Charitable Foundation ("Budimas") was established in 1998 and since then, it has been instrumental in giving hundreds of underprivileged children a future of love and hope.

   In 2014, noteworthy fundraising events of Budimas were;

   - Budimas' Direct Debit Donor Programme raised RM6.4 million
   - Budimas' Direct Debit Mail Appeal raised RM174,000
   - OCBC Cycle Malaysia Corporate Charity Challenge 2014 raised RM24,000
   - MBF Card Programme raised RM324,000

   Budimas was able to channel the funds to support the community in the following manner;

   - Under the Budimas Home Charity Fund – Budimas supports more than 831 orphaned and underprivileged children in 14 charitable homes throughout the country.
   - The Budimas Food Charity Fund – Provides breakfast to 2,889 underprivileged school children in 50 schools across five states in Malaysia (i.e. in Selangor, Kuala Lumpur, Malacca, Negeri Sembilan and Pulau Pinang).
   - The Budimas Education Charity Fund – Focuses its efforts on providing rural children with the means for quality education and learning. The construction of its pioneer library project in Kg. Bukit Kepong, Port Dickson was completed in October 2014. The library is equipped with 4,000 books to cater for 145 children and became operational in February 2015.

3. Donations for Charitable Causes – MAAG believes in aiding other charitable causes which will benefit the local and international community.

   In 2014, RM53,000 was extended as donations for the following;

   - RM8,000 – OrphanCARE Inaugural Charity Golf Tournament in aid of orphans and abandoned babies
   - RM10,000 – Marathon des Sables Fundraising Campaign in aid of HIV and AIDS patients
   - RM15,000 – Baktisiswa Community Project to provide medical supplies and vaccines to rural villages
   - RM20,000 – Islamic Fashion Festival (IFF) in aid of the Sultan Ahmad Shah's environment trust to promote moderation and address Islamophobia

   MAA Takaful Berhad contributed a total of RM18,500 to the following;

   - Rumah Jalinan Kasih in Alor Gajah, Melaka – RM5,000
   - Pantai Kerachut Turtle Conservation Centre – RM3,500
   - MAA Medicare Charitable Foundation – RM10,000


Financial Statements
2014
$100
$60
$40
$20
$10
$,000

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

(b) 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 Chunilal Rugnath
Onn Kien Hoe

DIRECTORS' REPORT
(continued)

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:

	Number of ordinary shares of RM1.00 each			
Company	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:

(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.

DIRECTORS' REPORT
(continued)

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.

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.

DIRECTORS' REPORT
(continued)

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

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Muhamad Umar Swift and Yeo Took Keat, two of the Directors of MAA Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 62 to 193 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2014 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965, in Malaysia.

The supplementary information set out in Note 51 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Datuk Muhamad Umar Swift, being the Director primarily responsible for the financial management of MAA Group Berhad do solemnly and sincerely declare that the financial statements set out on pages 62 to 193 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATUK MUHAMAD UMAR SWIFT

Subscribed and solemnly declared by the abovenamed Datuk Muhamad Umar Swift at Kuala Lumpur in Malaysia on 23 April 2015, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MAA Group Berhad on pages 62 to 193 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements, as set out on Notes 1 to 50.

Directors' Responsibility for the Financial Statements

The Directors of the Group and Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's and Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditor have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 51 to the financial statements on page 193 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD
(continued)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MANJIT SINGH
(No. 2954/03/17 (J))
Chartered Accountant

Kuala Lumpur
23 April 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		GROUP		COMPANY	
	Note	31.12.2014	31.12.2013	31.12.2014	31.12.2013
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property, plant and equipment	4	17,297	21,843	1,789	2,179
Investment properties	5	14,846	12,500	-	-
Intangible assets	6	3,584	3,007	125	174
Subsidiaries	7	-	-	99,897	98,779
Associates	8	64,866	61,497	-	-
Deferred tax assets	9	3,820	47	-	-
Tax recoverable		1,258	2,773	-	1,932
Reinsurance/retakaful assets		301,426	257,824	-	-
Investments	10	600,248	658,995	53,709	135,317
Financial assets at fair value through profit or loss		321,005	294,722	-	-
Available-for-sale financial assets		210,714	214,361	34,647	34,714
Held-to-maturity financial assets		41,002	40,881	-	-
Loans and receivables	11	27,527	109,031	19,062	100,603
Insurance/takaful receivables	12	156,895	50,922	-	-
Trade and other receivables	13	52,798	107,621	45,847	143,776
Cash and cash equivalents	14	342,268	181,840	159,243	32,609
Assets classified as held for sale	15	-	178	-	-
TOTAL ASSETS		1,559,306	1,359,047	360,610	414,766
EQUITY, POLICYHOLDERS' FUND AND LIABILITIES					
LIABILITIES					
Insurance/takaful contract liabilities	16	847,128	677,952	-	-
Investment contract liabilities	17	-	4,082	-	-
Deferred tax liabilities	9	911	3,971	122	129
Insurance/takaful payables	18	209,677	111,070	-	-
Trade and other payables	19	57,543	104,981	2,184	46,971
Borrowings					
- Bank overdrafts (unsecured)	20	-	4,715	-	-
Current tax liabilities		50	1,660	-	-
TOTAL LIABILITIES		1,115,309	908,431	2,306	47,100
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	21	304,354	304,354	304,354	304,354
Treasury shares	22	(1,312)	-	(1,312)	-
Retained earnings	23	113,845	116,594	55,033	63,271
Reserves	23	7,024	10,448	229	41
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		423,911	431,396	358,304	367,666
Non-controlling interests	7	20,086	19,220	-	-
TOTAL EQUITY		443,997	450,616	358,304	367,666
TOTAL EQUITY, POLICYHOLDERS' FUND AND LIABILITIES		1,559,306	1,359,047	360,610	414,766

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
	Note	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
Gross earned premiums/contributions	24	654,480	502,070	-	-
Premiums/contributions ceded to reinsurers/retakaful operators	24	(224,839)	(205,248)	-	-
Net earned premiums/contributions		429,641	296,822	-	-
Investment income	25	33,310	27,524	11,618	7,866
Realised gains and losses - net	26	22,166	23,677	(10)	3,229
Fair value gains and losses - net	27	(28,339)	12,273	-	-
Fee and commission income	28	43,924	47,008	-	-
Other operating revenue from non-insurance businesses	29	7,194	9,461	1,337	735
Other operating income - net	30	10,792	18,204	612	32,439
Other revenue		89,047	138,147	13,557	44,269
Total revenue		518,688	434,969	13,557	44,269
Gross benefits and claims paid	31	(332,207)	(262,861)	-	-
Claims ceded to reinsurers/retakaful operators	31	121,556	75,926	-	-
Gross change to contract liabilities	31	(132,056)	(60,154)	-	-
Change in contract liabilities ceded to reinsurers/retakaful operators	31	35,960	17,592	-	-
Net insurance/takaful benefits and claims		(306,747)	(229,497)	-	-
Fee and commission expenses		(102,615)	(98,330)	-	-
Management expenses	32	(111,642)	(112,661)	(15,903)	(17,203)
Expense liabilities		(2,525)	(794)	-	-
Finance costs	33	(325)	(404)	-	-
Other expenses		(217,107)	(212,189)	(15,903)	(17,203)
Share of profit of associates, net of tax		2,320	1,525	-	-
(Loss)/profit before zakat		(2,846)	(5,192)	(2,346)	27,066
Zakat		-	(295)	-	-
(Loss)/profit after zakat before taxation		(2,846)	(5,487)	(2,346)	27,066
Tax income/(expenses) attributable to participants		1,782	(4,089)	-	-
(Loss)/profit before taxation for Shareholders' fund		(1,064)	(9,576)	(2,346)	27,066
Taxation	34	352	(7,998)	(130)	2
Tax (income)/expenses attributable to participants		(1,782)	4,089	-	-
Tax expenses attributable to Shareholders' fund		(1,430)	(3,909)	(130)	2
(Loss)/profit for the financial year from continuing operations		(2,494)	(13,485)	(2,476)	27,068

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(continued)

		GROUP		COMPANY	
	Note	**2014**	**2013**	**2014**	**2013**
		RM'000	**RM'000**	**RM'000**	**RM'000**
DISCONTINUED OPERATIONS					
Profit/(loss) before taxation	35	20,308	18,483	12,500	(36,705)
Taxation	34	(21)	(1,180)	-	-
Profit/(loss) for the financial year from discontinued operations	35	20,287	17,303	12,500	(36,705)
Profit/(loss) for the financial year		17,793	3,818	10,024	(9,637)
Profit/(loss) for the financial year attributable to:					
- Owners of the Company		16,742	4,708	10,024	(9,637)
- Non-controlling interests		1,051	(890)	-	-
		17,793	3,818	10,024	(9,637)
Basic earnings/(loss) per ordinary share attributable to owners of the Company:					
- Continuing operations	37	(1.36)	(3.72)		
- Discontinued operations	37	6.86	5.27		
		5.50	1.55		

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Profit/(loss) for the financial year		17,793	3,818	10,024	(9,637)
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences	23	(4,029)	10,853	-	-
Fair value changes of available-for-sale financial assets					
- Gross fair value changes	10	(1,697)	(1,777)	188	1,589
- Transferred to Income Statement upon disposal of available-for-sale financial assets	26	(831)	(7,884)	-	(3,212)
- Deferred tax	9	219	2,219	-	-
		(2,309)	(7,442)	188	(1,623)
Changes in insurance/takaful contract liabilities arising from unrealised net fair value changes	16	216	5,196	-	-
		(2,093)	(2,246)	188	(1,623)
Share of fair value changes of available-for-sale financial assets of associate	8	2,913	(2,475)	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(3,209)	6,132	188	(1,623)
Total comprehensive income/(loss) for the financial year		14,584	9,950	10,212	(11,260)
Total comprehensive income/(loss) for the financial year attributable to:					
- Owners of the Company		13,533	10,840	10,212	(11,260)
- Non-controlling interests		1,051	(890)	-	-
		14,584	9,950	10,212	(11,260)
Total comprehensive income/(loss) for the financial year attributable to owners of the Company:					
- Continuing operations		(7,343)	(5,194)	10,212	(11,260)
- Discontinued operations		20,876	16,034	-	-
		13,533	10,840	10,212	(11,260)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Attributable to owners of the Company								
		Issued and fully paid ordinary shares		Treasury shares						
	Note	Number of shares	Nominal value	Number of shares		Retained earnings	Reserves	Total	Non-controlling interests	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013		304,354	304,354	-	-	118,734	4,316	427,404	26,714	454,118
Profit/(loss) for the financial year	23	-	-	-	-	4,708	-	4,708	(890)	3,818
Other comprehensive income for the financial year	23	-	-	-	-	-	6,132	6,132	-	6,132
Total comprehensive income/(loss) for the financial year		-	-	-	-	4,708	6,132	10,840	(890)	9,950
Interim dividends paid	36	-	-	-	-	(6,848)	-	(6,848)	-	(6,848)
Transactions with non-controlling interests		-	-	-	-	-	-	-	(6,604)	(6,604)
At 31 December 2013 / 1 January 2014		304,354	304,354	-	-	116,594	10,448	431,396	19,220	450,616
Profit/(loss) for the financial year	23	-	-	-	-	16,742	-	16,742	1,051	17,793
Transfer of revaluation reserves to retained earnings arising from disposal of subsidiary	23	-	-	-	-	215	(215)	-	-	-
Other comprehensive income for the inancial year	23	-	-	-	-	-	(3,209)	(3,209)	-	(3,209)
Total comprehensive income/(loss) for the financial year		-	-	-	-	16,957	(3,424)	13,533	1,051	14,584
Share buy-back	22	-	-	(2,025)	(1,312)	-	-	(1,312)	-	(1,312)
Interim dividends paid	36	-	-	-	-	(18,262)	-	(18,262)	-	(18,262)
Transactions with non-controlling interests		-	-	-	-	(1,444)	-	(1,444)	(185)	(1,629)
At 31 December 2014		304,354	304,354	(2,025)	(1,312)	113,845	7,024	423,911	20,086	443,997

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Non-distributable					Distributable	
		Issued and fully paid ordinary shares			Treasury shares			
	Note	Number of shares	Nominal value	Reserves	Number of shares		Retained earnings	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013		304,354	304,354	1,664	-	-	79,756	385,774
Loss for the financial year	23	-	-	-	-	-	(9,637)	(9,637)
Other comprehensive loss for the financial year	23	-	-	(1,623)	-	-	-	(1,623)
Total comprehensive loss for the financial year		-	-	(1,623)	-	-	(9,637)	(11,260)
Interim dividends paid	36	-	-	-	-	-	(6,848)	(6,848)
At 31 December 2013 / 1 January 2014		304,354	304,354	41	-	-	63,271	367,666
Profit for the financial year	23	-	-	-	-	-	10,024	10,024
Other comprehensive income for the financial year	23	-	-	188	-	-	-	188
Total comprehensive income for the financial year		-	-	188	-	-	10,024	10,212
Share buy-back	22	-	-	-	(2,025)	(1,312)	-	(1,312)
Interim dividends paid	36	-	-	-	-	-	(18,262)	(18,262)
At 31 December 2014		304,354	304,354	229	(2,025)	(1,312)	55,033	358,304

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		RM'000	**RM'000**
Loss for the financial year from continuing operations		(2,494)	(13,485)
Investment income		(33,310)	(27,524)
Realised gains and losses		(22,166)	(23,677)
Fair value gains and losses		28,339	(12,273)
Fair value gain from acquisition of bonds via Settlement Agreement		-	(23,770)
Allowance for impairment loss on available-for-sale financial assets		-	12,048
Write back of impairment loss on investment in associates		-	(3,666)
Allowance for/(write back of) impairment loss on loans and receivables		5,174	(1,027)
Finance costs		325	404
Purchases of financial assets		(378,942)	(272,695)
Proceeds from disposal of financial assets		348,220	251,796
Non-cash items:			
Bonds acquired from Settlement Agreement		-	21,602
Depreciation of property, plant and equipment		3,415	3,377
Amortisation of leases		2	-
Amortisation of intangible assets		1,228	1,232
Property, plant and equipment written off		298	20
Allowance for impairment loss on property, plant and equipment		44	-
Allowance for impairment loss on insurance/takaful receivables		6,737	7,401
(Write back of)/allowance for impairment loss on trade and other receivables		(393)	776
Bad debts written off		-	32
Unrealised foreign exchange (gain)/loss		(205)	265
Share of profit of associates		(2,320)	(1,525)
Loss on derecognition of an associate		108	-
Tax (income)/expense		(352)	7,998
Changes in working capital:			
(Increase)/decrease in loans and receivables		(4,980)	4,578
Increase in reinsurance/retakaful assets		(43,602)	(45,081)
Increase in insurance/takaful receivables		(112,710)	(6,628)
Decrease in trade and other receivables		62,944	115,366
Increase in insurance/takaful contract liabilities		169,392	83,153
Decrease in investment contract liabilities		(4,057)	(7,207)
Increase in insurance/takaful payables		98,607	31,680
(Decrease)/increase in trade and other payables		(42,070)	41,948
Cash generated from operating activities		77,232	145,118
Investment income received		30,765	23,972
Finance cost paid		(325)	(404)
Income tax paid		(8,209)	(11,234)
Income tax refund		1,831	114
Dividend paid		(18,262)	(6,848)
Net cash inflow from operating activities (continuing operations)		83,032	150,718
Net cash inflow/(outflow) from operating activities (discontinued operations)		17,794	(41,626)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(continued)

	Note	2014	2013
		RM'000	RM'000
Investing activities:			
Proceeds from disposal of property, plant and equipment		196	129
Purchase of property, plant and equipment		(1,782)	(3,208)
Proceeds from disposal of intangible assets		15	-
Purchase of intangible assets		(1,817)	(890)
Decrease/(increase) in fixed and call deposits		81,310	(101,144)
Net cash inflow from disposal of discontinued operations, net of transaction costs, deferred consideration and cash disposed	38	27	33,585
Increase in investment in an associate		-	(2,830)
Net cash inflow/(outflow) from investing activities (continuing operations)		77,949	(74,358)
Net cash outflow from investing activities (discontinued operations)		-	(530)
Financing activities:			
Purchase of treasury shares		(1,312)	-
Repayment of borrowings		(4,715)	-
Acquisition of additional shares in subsidiaries	39	(1,600)	-
		(7,627)	-
Net increase in cash and cash equivalents (continuing operations)		153,354	76,360
Net increase/(decrease) in cash and cash equivalents (discontinued operations)		17,794	(42,156)
Currency translation differences		(6,005)	8,962
Cash and cash equivalents at beginning of financial year		177,125	133,959
Cash and cash equivalents at end of financial year	14	342,268	177,125

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		RM'000	RM'000
Profit/(loss) for the financial year		10,024	(9,637)
Investment income		(11,618)	(7,866)
Realised gains and losses		10	(3,229)
Gain from disposal of subsidiaries		-	(8,295)
Fair value gain from acquisition of bonds via Settlement Agreement		-	(23,770)
Impairment loss on available-for-sale financial assets		-	11,110
Write back of impairment loss on investments in subsidiaries		(1,118)	(1,607)
Allowance for/(write back of) impairment loss on amounts due from subsidiaries		570	(18,126)
Allowance for impairment loss on investments in associates		-	100
Non-cash items:			
Bonds acquired from Settlement Agreement		-	21,602
Depreciation of property, plant and equipment		425	421
Property, plant and equipments written off		46	7
Amortisation of intangible assets		72	68
Tax expenses/(income)		130	(2)
Changes in working capital:			
Decrease in loans and receivables		38	58
Decrease in trade and other receivables		56,423	121,194
(Decrease)/increase in trade and other payables		(44,787)	42,444
Cash generated from operating activities		10,215	124,472
Investment income received		9,082	2,590
Income tax refund		1,795	1
Dividends paid		(18,262)	(6,848)
Net cash inflow from operating activities		2,830	120,215
Investing activities:			
Decrease/(increase) in fixed and call deposits		81,503	(100,565)
Proceed from redemption of redeemable preference shares		40,000	-
Repayment of advances due from subsidiaries		3,727	8,541
Advances given to subsidiaries		-	(4,600)
Proceeds from disposal of property, plant and equipment		5	64
Proceeds from disposal of intangible assets		15	-
Proceeds from disposal of equities securities		-	3,212
Purchase of property, plant and equipment		(99)	(338)
Purchase of intangible assets		(35)	(61)
Net cash inflow/(outflow) from investing activities		125,116	(93,747)
Financing activities:			
Purchase of treasury shares		(1,312)	-
Net cash outflow from financing activities		(1,312)	-
Net increase in cash and cash equivalents		126,634	26,468
Cash and cash equivalents at beginning of financial year		32,609	6,141
Cash and cash equivalents at end of financial year	14	159,243	32,609

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are as follows:

Registered office

12th Floor, No.566
Jalan Ipoh
51200 Kuala Lumpur

Principal place of business

13th Floor, No.566
Jalan Ipoh
51200 Kuala Lumpur

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act,1965 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 to the financial statements.

The discontinued operations for the financial year ended 31 December 2014 represent subsidiaries disposed during the financial year, as disclosed in Note 50(d), (e) and (f) to the financial statements, whereas the discontinued operations for the preceding financial year ended 31 December 2013 represent MAAKL Mutual Bhd which was disposed on 31 December 2013. However, in order to conform to the current financial year's presentation of financial statements, the preceding financial year's results of those subsidiaries disposed in the current financial year have been reclassified from continuing operations to discontinued operations for comparative purposes.

(i) Standards, amendments to published standards and interpretations to existing standards that are effective and applicable to the Group and the Company

The following standards have been adopted by the Group and the Company for the financial year beginning on or after 1 January 2014:

- Amendments to MFRS 10, MFRS 12 and MFRS 127 'Investment Entities'
- Amendment to MFRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendment to MFRS 136 'Recoverable Amount Disclosures for Non-Financial Assets'
- Amendment to MFRS 139 'Novation of Derivatives and Continuation of Hedge Accounting'
- IC Interpretation 21, 'Levies'

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations to existing standards that are effective and applicable to the Group and the Company (continued)

There were no applicable significant changes to the accounting policies of the Group and the Company as a result of the adoption of the above applicable standards.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not applicable to the Group and the Company.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the standards, amendments to published standards and interpretations in the following periods:

Effective from financial year beginning on/after 1 January 2017

MFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

Effective from financial year beginning on/after 1 January 2018

MFRS 9, 'Financial instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group and the Company will assess the application of adopting the above standards, amendments to published standards and interpretations to existing standards before the effective dates.

All other new amendments to published standards and interpretations to existing standards issued by Malaysian Accounting Standard Board ("MASB") are not expected to have a material impact on the Group and the Company.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date at each stage, any gains or losses arising from such re-measurement are recognised in income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statement.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see accounting policy in Note 2.9 to the financial statements on impairment of non-financial assets).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(d) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investment in associates are recognised in income statement.

2.3 Investments in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see accounting policy in Note 2.9 to the financial statements on impairment of non-financial assets). Impairment loss is charged to income statement.

On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

For translation differences on financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets, refer to Note 2.11(c) to the financial statements.

(c) Group companies

The results and financial positions of the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investments in foreign entities are recognised in other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies (continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to the income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in income statement. For all other partial disposals (that is, reductions in the Group's ownership interests in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the income statement.

2.6 Property, plant and equipment ('PPE')

(a) Cost

PPE are initially stated at cost. Land is subsequently shown at fair value, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other PPE are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of PPE initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.19 to the financial statements on borrowings).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expenses in the income statement during the financial period in which they are incurred.

(b) Depreciation and residual value

Assets under construction are not depreciated until they are ready for their intended use. Other PPE are depreciated on a straight line basis to allocate the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives.

Leasehold land is amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is lower than the leasehold period.

The annual depreciation rates are as follows:

Leasehold land	Over the remaining leasehold period
Plant and machinery	10% - 20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	10% - 20%
Renovation	10% - 20%
Yacht	6.25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

(c) Impairment

At the end of each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy in Note 2.9 to the financial statements on impairment of non-financial assets).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment ('PPE') (continued)

(d) Gains and losses on disposals

Gains and losses on disposals are determined by comparing sale proceeds with carrying amounts and are credited or charged to the income statement.

(e) Revaluation reserves

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in income statement. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

The revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

2.7 Investment properties

Investment properties, comprising principally of land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are initially stated at cost including related and incidental expenditure incurred and are subsequently carried at fair values. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are reviewed annually, and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying values of the investment properties are materially different from the fair values.

Gains or losses arising from changes in fair values of investment properties are recognised in the income statement in the year in which they arise.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long term yields and is not occupied by the Group. The initial cost of the property is the lower of the fair value of the property and the present value of the maximum lease payments. The property is carried at fair value after initial recognition.

On disposal of an investment property or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised (eliminated from the statement of financial position). The difference between net sales proceeds and the carrying amount is recognised in the income statement in the financial year of the retirement or disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in asset revaluation reserve as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property, any surplus previously recorded in asset revaluation reserve is transferred to the statement of income.

2.8 Intangible assets

<u>Computer software</u>

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as expenses when incurred. Costs that are directly associated with identifiable software systems controlled by the Group and the Company, which do not form an integral part of the hardware, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, ranging between 5 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.10 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amounts are to be recoverable principally through a sale transaction and the sale is considered highly probable. They are stated at the lower of carrying amounts and fair values less costs to sell.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM") financial assets, loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at FVTPL

The Group classifies financial assets acquired for the purpose of selling in the short-term as held for trading. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

In addition, certain financial assets are designated at initial recognition at fair value through profit or loss when one of the following designation criteria is met:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- Its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; and
- The item is a hybrid contract that contains one or more embedded derivatives

Investments held by investment-linked funds are designated at fair value through profit or loss at inception as they are managed and evaluated on a fair value basis, in accordance with the respective investment strategy and mandate.

HTM financial assets

HTM financial assets are debt instruments with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold the investments until maturity.

HTM financial assets are classified as non-current assets, except for those having maturity within 12 months of the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market but do not include insurance receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, they are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(a) Classification (continued)

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair values plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at FVTPL are initially recognised at fair values, and the transaction costs are expensed in the income statement.

(c) Subsequent measurement – Gains and losses

AFS financial assets and financial assets at FVTPL are subsequently carried at fair values. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair values of financial assets at FVTPL, including the effects of currency translation, interest and dividend income are recognised in the income statement in the period in which the changes arise.

HTM financial assets are subsequently measured at amortised cost using the effective interest method.

Changes in the fair values of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2.11(d) to the financial statements) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in the income statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change. However, for General takaful business and Family takaful business, such fair value gains or losses are reported as a separate component of takaful contract liabilities until the investment is derecognised.

Interest and dividend income on AFS financial assets are recognised separately in the income statement. Interest on AFS debt securities calculated using the effective interest method is recognised in the income statement. Dividend income on AFS equity instruments are recognised in the income statement when the Group's/Company's right to receive payment is established.

(d) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group/Company first assesses at each reporting date whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group/Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

To determine whether there is objective evidence that an impairment loss on financial assets has occurred, the Group/Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate/yield. The asset's carrying amount is reduced through the use of an allowance account and the loss is recorded in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures for recovery have been completed and the amount of the loss has been determined.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(d) Subsequent measurement – Impairment of financial assets (continued)

AFS financial assets

The Group/Company assesses at the end of the reporting date whether there is objective evidence that an AFS financial asset is impaired, including in the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the financial assets are impaired.

If any such evidence exists for AFS financial assets, the cumulative loss that had been recognised in equity is transferred from equity through the statement of comprehensive income or from insurance contract liabilities to the income statement. The amount of cumulative loss that is reclassified to the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as AFS are not subsequently reversed through the income statement.

The impairment loss is reversed through the income statement, if in a subsequent period the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group/Company has transferred substantially all risks and rewards of ownership.

When AFS financial assets are sold, the accumulated fair value adjustments recognised in equity are reclassified to the income statement.

2.12 Financial instruments

Description

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Recognition method

The particular recognition method adopted for financial instruments recognised in the statement of financial position is disclosed in the individual accounting policy note associated with each item.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.13 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted or published bid prices on reporting date. If quoted prices are not available over the counter, broker or dealer price quotations are used.

For investments in unit and real estate investment trusts, fair value is determined by reference to published bid values.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Fair value of financial instruments (continued)

The fair value of floating rate and over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit/placement and accrued interest/profit. The fair value of fixed interest/yield-bearing deposits is measured using estimated discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.14 Loans

Loans are recognised initially at fair values and subsequently measured at amortised costs using the effective interest method, less allowance for impairment. An allowance for impairment of loans is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the assets' carrying amounts and the present value of estimated future cash flows discounted at the effective interest rates. This includes interest that is suspended and/or recognised to the extent of the recoverable amount.

The amount of specific allowance also takes into account the collateral value and recoverable amount of interest due, which may be discounted to reflect the impact of recovery process. The recovery process is estimated to be between one to five years, depending on default condition of the loan, type of collateral and whether under litigations. The amount of the allowance is recognised in the income statement.

Where the collateral is property, the net realisable value for the property is determined by using its fair value which is based on open market value by independent property valuers, adjusted if necessary, for any difference in the nature, location or condition of the specific asset, while the net realisable value for share is based on last transacted price. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets, adjusted if necessary, for any difference in the nature, location or condition of the specific asset or discounted cash flow projections.

Consistent with previous years, loans are classified as non-performing when repayments or interests are in arrears for more than six (6) months from the first day of default or after maturity date.

2.15 Insurance/takaful receivables

Insurance/takaful receivables are recognised when due. They are measured at initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that the insurance/takaful receivable is impaired, the Group reduces the carrying amount of the insurance/takaful receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance/takaful receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.11(d) to the financial statements on subsequent measurement for impairment of financial assets.

Insurance/takaful receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.11(e) to the financial statements on derecognition of financial assets have been met.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair values and subsequently measured at amortised costs using the effective interest method, less provision for impairment loss.

2.17 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownerships are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the lease period.

2.18 Finance leases - lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the sum of digits method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Borrowings

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the initial recognised amount (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.21 Contingent liabilities and contingent assets

The Group/Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group/Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group/Company. The Group/Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

2.22 Provisions

Provisions are recognised when the Group/Company has a present obligation, either legal or constructive, as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2.23 Employee benefits

Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

Post employment benefits

The Group and the Company have post-employment benefit schemes for eligible employees, which are defined contribution plans.

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions or variable contributions as determined yearly, into a separate entity (“a fund”), and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial years.

The Group’s and the Company’s contributions to defined contribution plans, including the Employees’ Provident Fund, are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

2.24 Other financial liabilities and insurance/takaful payables

Other financial liabilities and insurance/takaful payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability and an insurance/takaful payable are derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially modified terms, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Share capital

(a) Classification

The Company has issued ordinary shares that are classified as equity.

(b) Share issue expenses

Incremental external costs that are directly attributed to the issue of these shares are recognised in equity, net of tax.

(c) Dividend distribution

Dividends on ordinary shares are recognised as liabilities and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the financial year that are approved after end of the reporting date are dealt with as an event after the date of the statement of financial position.

2.26 Treasury shares

When the Company re-purchases its own equity shares, the amount of the consideration paid, including directly attributable costs is recognised in equity as treasury shares until they are cancelled, reissued or disposed of. Share re-purchased are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the different between the sales consideration and the carrying amount are shown as a movement in equity, as appropriate. Where treasury shares are distributed as share dividends, the cost of the treasury shares are applied in the reduction of the share premium reserve or distributable retained earnings or both.

2.27 Product classification

The Group issues contracts that transfer insurance/takaful risk or financial risk or both.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance/takaful risk is the risk other than financial risk.

Insurance/takaful contracts are those contracts that transfer significant insurance/takaful risk. An insurance/takaful contract is a contract under which the Group (the insurer) has accepted significant insurance/takaful risk from another party (the policyholders/participants) by agreeing to compensate the policyholders/participants if a specified uncertain future event (the insured event) adversely affects the policyholders/participants. As a general guideline, the Group determines whether it has significant insurance/takaful risk, by comparing benefits paid with benefits payable if the insured/takaful event did not occur. Investment contracts are those contracts that do not transfer significant insurance/takaful risk.

Once a contract has been classified as an insurance/takaful contract, it remains an insurance/takaful contract for the remainder of its life-time, even if the insurance/takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance/takaful contracts after inception if the insurance/takaful risk becomes significant.

Family takaful contract liabilities are calculated based on the Gross Premium Valuation ("GPV") method which takes into consideration not only the guaranteed but also the discretionary benefits in the case of participating products and the underlying assumptions are based on the respective subsidiary's actual experience.

When insurance/takaful contracts contain both a financial risk component and a significant insurance/takaful risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums/contributions relating to the insurance/takaful risk component are accounted for on the same bases as insurance/takaful contracts and the remaining element is accounted for as a deposit through the statement of financial position similar to investment contracts.

The Group defines insurance/takaful risk to be significant when the ratio of the insurance/takaful risk over the deposit component is not less than 110% of the deposit component at any point of the in force insurance/takaful contract. Based on this definition, all insurance/takaful contracts issued by the Group met the definition of insurance/takaful contracts as at the date of the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Reinsurance/Retakaful

The Group cedes insurance/takaful risk in the normal course of business for most of its businesses. Reinsurance/retakaful assets represent balances due from reinsurance/retakaful companies. Amounts recoverable from reinsurers/retakaful operators are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers'/retakaful operators' policies and are in accordance with the related reinsurance/retakaful contracts.

Ceded reinsurance/retakaful arrangements do not relieve the Group from its obligations to policyholders/participants. Premiums/contributions and claims are presented on a gross basis for both ceded and assumed reinsurance/retakaful.

Reinsurance/retakaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance/retakaful asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurers/retakaful operators. The impairment loss is recorded in the income statement.

Gains or losses on buying reinsurance/retakaful are recognised in the income statement immediately at the date of purchase and are not amortised.

The Group also assumes reinsurance/retakaful risk in the normal course of business for Life/ Family takaful and General (non-life) insurance/General takaful contracts when applicable. Premiums/contributions and claims on assumed reinsurance/retakaful are recognised as revenue or expenses in the same manner as they would be if the reinsurance/retakaful were considered direct business, taking into account the product classification of the reinsured/retakaful business. Reinsurance/retakaful liabilities represent balances due to reinsurance/retakaful companies. Amounts payable are estimated in a manner consistent with the related reinsurance/retakaful contracts. Reinsurance/retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance/retakaful contracts that do not transfer significant insurance/takaful risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicitly identified premium/contribution or fees to be retained by the reinsurer/retakaful operator. Investment income on these contracts is accounted for using the effective yield method when accrued.

2.29 Insurance contracts - General insurance business

The General insurance underwriting results are determined for each class of business after taking into account reinsurance premiums, commissions, premium liabilities and claims incurred.

Gross premiums

Gross premiums are recognised in a financial year in respect of risks assumed during that particular financial year. Premiums from direct business are recognised during the financial year upon the issuance of insurance policies. Premiums in respect of risks incepted for which insurance policies have not been raised as of the reporting date are accrued at that date.

Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risks assumed during that particular financial period, as in the case of direct policies, following the individual risks' inception dates.

Inwards treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inceptions dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

Premium liabilities

Premium liabilities refer to the higher of:

(i) the aggregate of the unearned premium reserves ("UPR"), or

(ii) the best estimate value of the insurer's unexpired risk reserves ("URR") at the valuation date and the provision of risk margin for adverse deviation ("PRAD") calculated at the overall company level. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and allows for expected future premium refunds.

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Insurance contracts - General insurance business (continued)

Premium liabilities (continued)

UPR represent the portion of the net premiums of general insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the reporting date, the method that most accurately reflects the actual unearned premium is used, as follows:

(i) 25% method for marine and aviation cargo, and transit business;

(ii) 1/24th method for all other classes of general business except for non-annual policies, reduced by the percentage of accounted gross direct business commission to the corresponding premium; and

(iii) time apportionment method for non-annual policies (including long term inwards treaty business) reduced by the percentage of accounted gross direct business commission to the corresponding premium.

Claims and expenses

A liability for outstanding claim is recognised in respect of both direct insurance and inward reinsurance.

The amounts of outstanding claims are the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the reporting date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported ("IBNR") at the reporting date based on an actuarial valuation with a PRAD at a 75% confidence level Group-wide.

Acquisition costs

The gross costs of acquiring and renewing insurance policies, net of income derived from ceding reinsurance premiums, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2.30 Takaful contracts - General takaful business

The General takaful business is maintained in accordance with the requirements of the Islamic Financial Services Act, 2013 ("IFSA") and consists of unearned contribution reserves and accumulated surpluses attributable to participants which represents the participants' share in the net surplus of the General takaful business, distributable in accordance with the terms and conditions prescribed by the Shariah Committee of the subsidiary engaged in the takaful business. The General takaful underwriting results are determined for each class of General takaful business after taking into account retakaful contributions, wakalah fee, unearned contributions reserves and claims incurred.

Any deficit in the General takaful business will be made good via a benevolent loan or Qardhul Hassan from the Shareholders' fund of the takaful subsidiary.

Gross contributions

Gross contributions are recognised in a financial year in respect of risks assumed during that particular financial year. Contributions from direct business are recognised during the financial year upon the issuance of takaful certificates. Contributions in respect of risks incepted for which takaful certificates have not been raised as of the reporting date are accrued at that date.

Retakaful contributions

Outward retakaful contributions are recognised in the same accounting period as the original certificate to which the retakaful relates.

Unearned contribution reserves

Unearned contribution reserves ("UCR") represent the portion of the net contributions of takaful certificate written that relate to the unexpired periods of the certificates at the end of the financial year.

In determining the UCR at the reporting date, the method that most accurately reflects the actual unearned contribution is used, as follows:

- 1/365th method for all classes of General takaful business within Malaysia; and
- time apportionment method for non-annual certificates and first year annual certificates with a cover period of more than one year.

with a further reduction for wakalah fee expenses to reflect the wakalah business principle.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Takaful contracts - General takaful business (continued)

Provision for outstanding claims

A liability for outstanding claim is recognised in respect of both direct takaful and inward retakaful. The amounts of outstanding claims are the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the date of the statement of financial position.

Provision is also made for the cost of claims, together with related expenses and incurred but not reported ("IBNR") at the date of the statement of financial position, based on an actuarial valuation by an independent qualified actuary.

Commission and agency expenses

Commission and agency expenses which are costs directly incurred in securing contributions on takaful certificates, net of commission income derived from retakaful in the course of ceding of contributions, are charged to the income statement of the General takaful business as part of Wakalah fees payable to the Shareholders' fund in the financial year in which they are incurred.

Deficit/accumulated deficits

Deficits reported by the General takaful business during the financial year are reported as a loss in the income statement of the General takaful business to the extent that there is no allocated surplus balances residing with the General takaful contract liabilities. Accordingly, accumulated deficits and AFS reserve attributable to the Shareholders' fund of the takaful subsidiary are treated as an equity in the financial statements of the Group.

2.31 Takaful contracts - Family takaful business

The Family takaful business is maintained in accordance with the requirements of the IFSA and includes the amount attributable to participants. The amount attributable to participants represents the accumulated surpluses attributable to the participants as determined by an annual actuarial valuation of the Family takaful business and is attributable in accordance with the terms and conditions prescribed by the Shariah Committee of the subsidiary engaged in the takaful business.

Any actuarial deficit in the Family takaful business will be made good via a benevolent loan or Qardhul Hassan from the Shareholders' fund of the takaful subsidiary.

Gross contributions

Gross contributions represent contribution recognised in the Family takaful and investment-linked fund.

Gross contributions from the Family takaful business are recognised as soon as the amount can be reliably measured. First contribution is recognised from inception date and subsequent contribution is recognised when it is due. At the end of the financial year, all the contributions are accounted for to the extent that they can be reliably measured.

Gross contributions of the investment-linked business include net creation of units and represent contributions paid by participants as payment for a new contract or subsequent payments to increase the amount of those contracts. Net creation of units is recognised on a receipt basis.

Retakaful contributions

Outward retakaful contributions are recognised in the same accounting periods as the original certificates to which the retakaful relates.

Provision for outstanding claims

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Recoveries on retakaful claims are accounted for in the same financial year as the original claims are recognised.

Claims and provisions for claims arising on Family takaful certificates including settlement costs, less retakaful recoveries, are accounted for using the case basis method and for this purpose the benefits payable under a family takaful policy are recognised as follows:

(i) maturity or other certificate benefit payments due on specified dates are treated as claims payable on the due dates;

(ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Takaful contracts - Family takaful business (continued)

Deficit/accumulated deficits

Deficits recorded by the Family takaful business during the financial year are reported as a loss in then income statement of the Family takaful business to the extent that there are no unallocated surplus balances residing within the Family takaful contract liabilities. Accordingly, accumulated deficits and available-for-sale reserve attributable to the Shareholders' fund of the takaful subsidiary are treated as an equity in the statement of financial position of the Group.

2.32 Insurance/takaful contract liabilities

Family takaful contract liabilities

Family takaful contract liabilities are recognised when contracts are entered into and contributions are charged.

A liability adequacy test is performed at 75% confidence level, in line with Bank Negara Malaysia ("BNM")'s new valuation guidelines on Family takaful business and the requirements of MFRS 4 Insurance Contracts. Hence, claim rates, surrender assumptions and other valuation parameters are determined at 75% confidence level.

For investment-linked products, the non-unit liabilities are valued on a cash flow basis by projecting tabarru' (risk charges) stream on a certificate basis, taking into account expected death and surrenders as decrements. The tabarru' streams are then compared against the corresponding projected mortality and other risk benefits. Future deficits are reserved on a present value basis, using the risk free spot rates of return. The higher of the UCR and total present value of deficits is taken as the actuarial liability. The value of Participant Investment Account ("PIA") is taken as the unit reserves.

In the case of yearly renewable term products with no savings elements, the liability for such Family takaful certificate comprises the provision for unearned contributions and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the operator. Where the portfolio demonstrates deteriorating experience, a deficiency reserve is set up as an additional reserve.

For long-term term products with implicit guarantees, the liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of present value of future benefits less the present value of future contributions, discounted at the appropriate risk discount rate. The liability is then compared against reserves derived from statutory method, and the larger of the two reserves is held as the liability. In the event that the surrender value is higher than the reserve in aggregate, the excess is held as an additional reserve.

Expense liabilities in the Shareholder's fund is determined by taking the present value of future deficits, discounted at appropriate spot rates. Future deficits are defined as the excess of future expense stream over future income cash flows, in aggregate basis.

The liability is de-recognised when the contract expires, is discharged or is cancelled.

General insurance and General takaful contract liabilities

General insurance and General takaful contract liabilities are recognised when contracts are entered into and premiums/contributions are charged.

These liabilities comprise outstanding claims provision and premium liabilities/unearned contribution reserves.

Outstanding claims provision which includes a margin for adverse deviation is based on the estimated ultimate cost of all claims incurred but not settled at the date of the statement of financial position, whether reported or not, together with related claim handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the statement of financial position date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques on empirical data. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, are discharged or are cancelled.

Premium liabilities/unearned contribution reserves represent premiums/contributions received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium/contribution income.

At each reporting date, the Group reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking into account of the investment return expected to arise on assets relating to the relevant general technical provisions. If these estimates show that the carrying amount of the unearned contributions is inadequate, the deficiency is recognised in the income statement by setting up a provision for liability adequacy.

2.33 Shareholders' fund's expense liabilities

The expense liabilities of the Shareholders' fund of the takaful subsidiary consist of expense liabilities of the General and Family takaful businesses which are based on estimations performed by a qualified actuary. The expense liabilities are released over the term of the takaful certificate and recognised in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.34 Measurement and impairment of Qardhul Hassan

Any deficit in the takaful risk fund will be made good via a benevolent loan, or Qardhul Hassan, granted by the Shareholders' fund of the takaful subsidiary to the takaful businesses. Qardhul Hassan shall be repaid from future surplus of the takaful businesses

Qardhul Hassan is accounted for a receivable and payable in the financial statements of the Shareholders' fund of the takaful subsidiary and takaful businesses respectively, and is stated at cost. At each date of the statement of financial position, the Shareholders' fund assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount, as set out in Note 2.9 to the financial statements.

Qardhul Hassan payable in the respective the takaful businesses are stated at cost.

2.35 Management expenses, commission expenses and wakalah fees

Acquisition costs, commissions and management expenses (collectively known as "wakalah fees") are borne by the Family takaful and General takaful businesses respectively in the income statement at an agreed percentage of the gross contribution, in accordance with the principles of wakalah as approved by the Shariah Committee of the subsidiary engaged in the takaful business and agreed between the participants and the subsidiary, and are allocated to the shareholders' fund and recognised as income upon issuance of certificates.

2.36 Investment contracts

The Group issues investment contracts without fixed terms, i.e. investment-linked plans.

Investment contracts without fixed terms are financial liabilities whose fair value is dependent on the fair value of the underlying financial and/or non-financial assets and are designated at inception at fair value through profit or loss because it eliminates or significantly reduces the measurement or recognition inconsistency (i.e. an accounting mismatch) that would otherwise arise from measuring assets and liabilities or recognising the gains or losses or others on different bases (see accounting policy in Note 2.11 to the financial statements for the financial assets backing these liabilities).

The Group's main valuation technique incorporates all factors that market participants would consider. The fair value of financial liabilities for investment contracts without fixed terms is determined using the current unit values in which the contractual benefits are denominated. These unit values reflect the fair value of the financial assets contained within the Group's unitised investment-fund linked to the financial liability. The fair value of the financial liabilities are obtained by multiplying the number of units attributed to each contract holder at the end of the reporting period by the unit value for the same date.

As at 31 December 2014, the Group no longer holds any investment contracts.

2.37 Other revenue recognition

<u>Interest and profit income</u>

Interest income for financial assets that are not classified as FVTPL is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the investment and continues unwinding the discount as interest income.

Other interest income including the amount of amortisation of premiums and accretion of discounts is recognised on a time proportion basis that takes into account the effective yield of the asset.

Profit income including the amount of amortisation of premium and accretion of discount of the subsidiary engaged in the takaful business is recognised on a time proportion basis that takes into account the effective yield of the asset.

<u>Rental income</u>

Rental income on investment property is recognised on receipt basis.

<u>Dividend income</u>

Dividend income is recognised when the right to receive payment is established.

<u>Other fee income</u>

Management, consultancy and advisory service and educational fees are recognised when the services are provided.

NOTES TO THE FINANCIAL STATEMENTS
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2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.37 Other revenue recognition (continued)

Realised gains and losses on investments

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sale proceeds and the carrying value at date of disposal and are recorded on occurrence of the sale transaction.

Fees and commission income

Insurance/takaful contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services to be provided in future periods, then they are deferred and recognised over those future periods.

2.38 Current and deferred income tax

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income, and any adjustments to tax payable in respects of prior financial years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations and makes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities using an expected value (weighted average probability) approach.

Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the carrying amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates (tax laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax loses or unused tax credit can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

2.39 Zakat

Zakat represents tithes payable by the takaful subsidiary to comply with Shariah principles and as approved by the Shariah Committee. Zakat provision is calculated at 2.5% of the profit before zakat and taxation of the takaful subsidiary for the financial year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.40 Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period net of treasury shares. No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Valuation of General insurance and General takaful contract liabilities

The estimation of claims liabilities or equivalently, the ultimate claims liabilities arising from claims made under an insurance/ takaful contract, is one of the Group's critical accounting estimates.

Provision is made for the estimated cost of claims incurred but not settled at the date of the statement of financial position, whether reported or not, together with a risk margin for adverse deviation ("PRAD"). PRAD is an additional component to the liability value aimed at ensuring that the value of the insurance/takaful liabilities is established at a level such that there is a higher level of confidence (or probability) that the provisions will ultimately be sufficient. This provision consists of estimates at the date of the statement of financial position of both the expected ultimate cost of claims reported to the Group and the expected ultimate cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes both direct and indirect expenses that are expected to be incurred in settling those claims.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, incurred but not reported claims form the majority of the liabilities at the date of the statement of financial position.

The Group engages independent external actuaries to perform the claims liabilities estimation. A number of methods are employed initially in the estimation of ultimate claims reserves using the Group's own historical experience and other relevant market quantitative and qualitative information. The final estimates are selected after due consideration has been given to the strengths and weaknesses of the various methods used and the information available at hand. To mitigate the potential effect of uncertainty, a risk margin is also incorporated into the ultimate claims estimates.

Due to the fact that the ultimate claims liabilities are dependent upon the outcome of future events such as the size of court awards, the attitudes of claimants towards settlement of their claims, and social and economic inflation, there is an inherent uncertainty in any estimate of ultimate claims liabilities. This mean there is a limitation to the accuracy of those estimates. As such, actual future losses and loss adjustment expenses will not develop exactly as projected and may vary significantly from the projections.

The Group also reviews the unexpired risks of insurance/takaful contracts and runs liability adequacy tests to determine whether there is any excess of expected claims at 75% confidence level and deferred acquisition costs over the unearned premium/contribution at risk fund level. If the estimated total URR is higher than the total UCR less related deferred acquisition costs, then the excess URR amount will be recognised in the income statement by setting up a provision for liability adequacy.

(ii) Actuarial liabilities for Family takaful fund

The Group engages independent external actuary to perform the actuarial liabilities for Family takaful plans. All the products are valued in such a manner that the overall liabilities secured 75% confidence level, as prescribed by BNM's valuation guidelines on Family takaful business. The liabilities are set up based on product type as follows:

- Investment-Linked Personal Risk Investment Account ("PRIA Investment-Linked")

  This is the risk fund that involves investment-linked certificates including unit deducting riders. The Tabarru' rates are dripped from Participant Investment Account ("PIA") to this risk fund on a monthly basis. The liabilities in this fund are calculated as the larger of Unearned Tabarru' Reserve ("UTR") and total present value of future deficits. The UTR is calculated by taking half of the total monthly drip at the valuation date. The present value of future deficits using the risk free spot rates of returns and claims assumptions are determined at 75% confidence level.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
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3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(a) Critical accounting estimates and assumptions (continued)

(ii) Actuarial liabilities for Family takaful fund (continued)

- Investment-Linked Personal Risk Investment Account ("PRIA Investment-Linked") (continued)

  In addition, IBNR is also reserved for Critical Illness and Medical riders. From the experience study, 2.5 months and 1 month average claims are assumed in calculating the IBNR for Critical Illness and Medical riders respectively.

  The Group has also included a provision for certificates under waiver of contributions. This is taken as the present value of future gross contributions to be waived throughout the term, discounted using risk free spot rates of returns.

- Ordinary Life Participant Risk Investment Account ("PRIA Ordinary Life")

  This fund consists of five products, CancerCare, SmartMedic, Medica*2015*, Term 80 and Takafulife Series.

  CancerCare is a guaranteed renewable medical takaful product with an additional death benefit. The contribution reserve is calculated at 100% of unearned tabarru' using $1/24^{th}$ method. For the death benefit, the reserve is calculated by taking the higher of UTR or GPV, where GPV is using M9903 mortality table discounted at risk free spot rates of returns. In addition, provision for 2.5 months of average claims are set aside for IBNR.

  SmartMedic is an individual Hospital and Surgical product with guaranteed renewability up to age 80. It also provides an additional benefit for funeral expense, which is payable upon death due to all causes. The contribution reserve is calculated at a percentage of unearned medical tabarru'. The percentage is determined by analysing at the product's loss ratio by certificate year. Reserve for funeral expense benefit is calculated at 100% of unearned funeral expense tabarru' using $1/24^{th}$ method. In addition, provision for 1 month of average claims is set aside for IBNR.

  Medica*2015* is another individual Hospital and Surgical product with guaranteed renewability up to age 80. It also provides additional benefits such as funeral expense payable upon death due to all causes, no claim discount ("NCD") and second medical opinion. The tabarru' reserve set aside is for the unexpired risk with additional provision for IBNR.

  The reserves for Takafulife Series and Term 80 products are calculated as the higher of UCR and total present value of future deficits, determined at certificate level. The UCR is equal to half month tabarru' and the present value of future deficits is determined using the risk free spot rates of returns and claims assumptions at 75% confidence level.

- Group Fund Risk Investment Account ("GFRIA")

  Currently there are 4 products in this fund, which are Group Term Takaful, Comprehensive Group Takaful Scheme, Group Mortgage Protection Plan and Group Decreasing Term.

  The net liability is calculated at the higher of UTR or URR, where UTR is calculated using the $1/24^{th}$ method while URR is the expected claims outgo in respect of unexpired risk, calculated based on loss experience. The reserve for Group Mortgage Protection Plan is based on GPV method, valued at the risk free spot rates of returns.

(iii) Valuation of Takaful Operator's fund expenses liabilities

- Expense liabilities for Family Takaful products

  The expense liability is calculated by discounting future deficits. Deficit is defined by outgo minus income of the Shareholders' fund of the takaful subsidiary. Income comprises future wakalah fees, certificate fees, fund management fees and risk fund surplus after Qardhul Hassan repayments. Outgo comprises future renewal expenses, commissions and agency related expenses.

- Expense liabilities for General Takaful products

  The expense liability is determined by selecting the higher of the unearned wakalah fee ("UMF") or the unearned expense reserve ("UER") with provision for adverse deviation at 75% confidence level. UER comprises of claims handling expenses for outstanding claims and IBNR, unexpired risks and policy servicing costs on unearned contributions.

(b) Critical judgement in applying the entity's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company.

Significant judgement is required in determining the income and deferred tax applicable to the takaful subsidiary and the Company. There are transactions and calculations for which the ultimate tax determination is subject to agreement with the tax authorities. The takaful subsidiary recognised tax liabilities on anticipated issues based on the best estimate of the amount of taxes expected to be paid. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

4 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
At 1 January 2013	2,402	30,554	5,305	5,571	-	43,832
Additions	-	2,693	514	538	-	3,745
Transferred from assets classified as held for sale (Note 15)	-	-	-	-	1,015	1,015
Arising from the disposed subsidiary (Note 38(b))	-	(2,115)	(570)	(1,149)	-	(3,834)
Disposals	-	(184)	(413)	(7)	-	(604)
Write off	-	(406)	(12)	(145)	-	(563)
Currency translation differences	-	-	37	-	-	37
At 31 December 2013 / 1 January 2014	2,402	30,542	4,861	4,808	1,015	43,628
Additions	-	1,342	4	436	-	1,782
Transferred from assets classified as held for sale (Note 15)	178	-	-	-	-	178
Arising from the disposed subsidiaries (Note 38(d) and (e))	(2,402)	-	(591)	-	-	(2,993)
Disposals	-	(671)	(121)	(19)	-	(811)
Write off	-	(8,460)	(4)	(365)	-	(8,829)
Currency translation differences	-	-	(43)	-	-	(43)
At 31 December 2014	178	22,753	4,106	4,860	1,015	32,912

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

4 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

	Leasehold land	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation						
At 1 January 2013	-	15,776	3,182	923	-	19,881
Depreciation for the financial year (Note 32)	-	2,825	494	576	-	3,895
Amortisation for the financial year (Note 32)	30	-	-	-	-	30
Arising from the disposed subsidiary (Note 38(b))	-	(717)	(140)	(310)	-	(1,167)
Disposals	-	(143)	(257)	(7)	-	(407)
Write off	-	(391)	(2)	(109)	-	(502)
Currency translation differences	-	(1)	56	-	-	55
At 31 December 2013 / 1 January 2014	30	17,349	3,333	1,073	-	21,785
Depreciation for the financial year (Note 32)	-	2,546	390	475	63	3,474
Amortisation for the financial year (Note 32)	25	-	-	-	-	25
Arising from the disposed subsidiaries (Note 38(d) and (e))	(53)	-	(532)	-	-	(585)
Disposals	-	(431)	(120)	(4)	-	(555)
Write off	-	(8,456)	(1)	(74)	-	(8,531)
Currency translation differences	-	(6)	(36)	-	-	(42)
At 31 December 2014	2	11,002	3,034	1,470	63	15,571

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

4 **PROPERTY, PLANT AND EQUIPMENT** (continued)

GROUP

	Leasehold land	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment loss						
At 1 January 2013	-	65	-	-	-	65
Arising from the disposed subsidiary (Note 38(b))	-	(65)	-	-	-	(65)
At 31 December 2013 / 1 January 2014	-	-	-	-	-	-
Impairment loss for the financial year (Note 30)	44	-	-	-	-	44
At 31 December 2014	44	-	-	-	-	44
Net book value						
At 31 December 2013	2,372	13,193	1,528	3,735	1,015	21,843
At 31 December 2014	132	11,751	1,072	3,390	952	17,297

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

4 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2013	1,196	2,063	770	4,029
Additions	97	192	49	338
Disposals	-	(155)	-	(155)
Write off	(2)	(8)	-	(10)
At 31 December 2013 / 1 January 2014	1,291	2,092	819	4,202
Additions	94	4	1	99
Disposals	(36)	-	-	(36)
Write off	(44)	(4)	(46)	(94)
At 31 December 2014	1,305	2,092	774	4,171
Accumulated depreciation				
At 1 January 2013	359	1,277	77	1,713
Depreciation for the financial year (Note 32)	130	209	82	421
Disposals	-	(108)	-	(108)
Write off	(2)	(1)	-	(3)
At 31 December 2013 / 1 January 2014	487	1,377	159	2,023
Depreciation for the financial year (Note 32)	139	209	77	425
Disposals	(18)	-	-	(18)
Write off	(42)	(1)	(5)	(48)
At 31 December 2014	566	1,585	231	2,382
Net book value				
At 31 December 2013	804	715	660	2,179
At 31 December 2014	739	507	543	1,789

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

5 INVESTMENT PROPERTIES

	GROUP	
	31.12.2014	31.12.2013
	RM'000	RM'000
At 1 January	12,500	11,632
Fair value gains – net (Note 27)	2,021	1,551
Currency translation differences	325	(683)
At 31 December	14,846	12,500
Comprising:		
Leasehold land and buildings	14,846	12,500

Investment properties are stated at fair value, which have been determined based on valuations performed by external independent professional valuers at the statement of financial position date. Valuations are performed annually based on the properties' fair market values using the direct sale comparison approach. The fair value changes are recorded in the income statement.

Fair value hierarchy

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – fair value is derived from unadjusted quoted price in active markets for identical properties that the entity can access at the measurement date.

Level 2 – fair value is estimated using inputs that are observable for the properties, either directly or indirectly.

Level 3 – fair value is estimated using unobservable inputs for properties.

The fair value of investment properties are categorised as follows:

	GROUP			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2014	-	6,840	8,006	14,846
31 December 2013	-	12,500	-	12,500

The investment properties, which are under Level 2 of the fair value hierarchy is measured in whole by reference to inputs other than quoted prices included within Level 1 that are observable for the investment property either directly or indirectly. The investment properties are valued using the comparison method – recent transactions and asking prices of similar properties in the locality are analysed for comparison purpose to arrive at the market value.

The fair value of investment properties under Level 3 of the fair value hierarchy is determined by external valuation based on the comparison approach using significant unobservable inputs with adjustments made for difference in location, size, age and the condition of the property, if any, and other relevant characteristics to arrive at the market value.

The Group's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period. As at 31 December 2014, certain investment properties previously under Level 2 have been transferred to Level 3 fair value hierarchy due to the significant unobservable inputs are used in the valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

5 INVESTMENT PROPERTIES (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Investment property	Fair value as at 31 December 2014	Valuation technique	Range of average price per square meter	Relationship of unobservable inputs to fair value
	RM'000		**RM**	
Nagasutra Villa, Bali	8,006	Comparison approach	3,574 to 4,124	The higher the average price per square meter, the higher the fair value

Movement of fair value hierarchy from Level 2 to Level 3

	RM'000
At 1 January 2014	-
Transferred from Level 2	6,354
Fair value gain recorded in income statement	1,416
Currency translation differences	236
At 31 December 2014	8,006

The following are amounts arising from investment properties (all rental income generating) that have been recognised in the income statement during the financial year:

	GROUP	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Rental income (Note 25)	117	106
Direct operating expenses arising from investment properties	(622)	(341)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

6 INTANGIBLE ASSETS

GROUP

	Management rights	Computer software	Total
	RM'000	**RM'000**	**RM'000**
Cost			
At 1 January 2013	7,000	11,107	18,107
Additions	-	959	959
Arising from the disposed subsidiary (Note 38(b))	(7,000)	(1,719)	(8,719)
At 31 December 2013 / 1 January 2014	-	10,347	10,347
Additions	-	1,817	1,817
Disposals	-	(15)	(15)
At 31 December 2014	-	12,149	12,149
Accumulated amortisation			
At 1 January 2013	3,240	7,008	10,248
Amortisation for the financial year (Note 32)	347	1,368	1,715
Arising from the disposed subsidiary (Note 38(b))	(3,587)	(1,036)	(4,623)
At 31 December 2013 / 1 January 2014	-	7,340	7,340
Amortisation for the financial year (Note 32)	-	1,228	1,228
Disposals	-	(3)	(3)
At 31 December 2014	-	8,565	8,565
Net carrying amount			
At 31 December 2013	-	3,007	3,007
At 31 December 2014	-	3,584	3,584

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

6 INTANGIBLE ASSETS (continued)

COMPANY

	Computer software	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Cost		
At 1 January	563	502
Additions	35	61
Disposals	(15)	-
At 31 December	583	563
Accumulated amortisation		
At 1 January	389	321
Amortisation for the financial year (Note 32)	72	68
Disposals	(3)	-
At 31 December	458	389
Net carrying amount	125	174

The intangible assets of the Group consist of computer software and management rights.

Computer software

Computer software consists mainly of development costs and costs that are directly associated with identifiable software systems controlled by the Group, that do not form the integral part of the hardware, and that will generate economic benefits exceeding costs beyond one year.

Management rights

Management rights represent the acquired rights to manage unit trust funds ("the Rights"). Pursuant to the Sale of Business Agreement dated 5 August 2003 between MAAKL Mutual Bhd ("MAAKL Mutual"), a then 70% owned subsidiary of MAA Corporation Sdn Bhd which is in turn a wholly owned subsidiary of the Company, and MBf Unit Trust Management Berhad ("MUTMB"), MAAKL Mutual acquired the Rights from MUTMB to manage four unit trust funds ("the Funds") managed by MUTMB. The Funds are MAAKL Equity Index Fund, MAAKL Value Fund, MAAKL Balanced Fund and MAAKL Syariah Index Fund. The effective date of the transfer of the management of the Funds was on 1 December 2003.

On 31 December 2013, the Group completed the disposal of MAAKL Mutual as disclosed in Note 38(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

7 SUBSIDIARIES

	COMPANY	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Investments in subsidiaries, at cost	225,628	225,628
Less: Accumulated impairment loss	(125,731)	(126,849)
	99,897	98,779

Reconciliations of the allowances for impairment loss on investments in subsidiaries and amounts due from a subsidiary are as follows:

	COMPANY	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Investments in subsidiaries		
At 1 January	126,849	128,456
Write back of impairment loss (Note 30)	(1,118)	(1,607)
At 31 December	125,731	126,849
Amounts due from a subsidiary		
At 1 January	-	18,696
Write back of impairment loss (Note 30)	-	(18,696)
At 31 December	-	-

The amounts due from a subsidiary of RM18,696,000 as at 31 December 2012 were akin to investment in subsidiary. During the financial year ended 31 December 2013, these amounts due were fully settled by a subsidiary via the following:

(a) Cash repayment of RM8,496,000, and
(b) Capitalisation of the remaining amount via issuance of 100,200 1997 redeemable preference shares of RM1 each at a premium of RM99 per share totalling RM10,200,000.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

		31.12.2014		31.12.2013		
Name of company	**Country incorporation**	**Group's effective interest**	**Non-controlling interests**	**Group's effective interest**	**Non-controlling interests**	**Principal activities**
		%	%	%	%	
MAA Corporation Sdn Bhd ("MAA Corp")	Malaysia	100	-	100	-	Investment holding and property management
MAA Takaful Berhad	Malaysia	75	25	75	25	General takaful and Family takaful businesses
Subsidiaries of MAA Corp						
MAA-Medicare Sdn Bhd	Malaysia	100	-	100	-	Operation of charitable kidney dialysis centres
MAA Credit Berhad	Malaysia	100	-	100	-	Hire purchase, leasing and other credit activities
MAA International Assurance Ltd	Labuan, Malaysia	100	-	100	-	Offshore insurance and reinsurance businesses and investment holding
MAA Holdings (BVI) Ltd	British Virgin Islands	100	-	100	-	Providing insurance advisory and consultancy services
MAA Corporate Advisory Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services
MAA International Corporation Ltd	Malaysia	100	-	100	-	Investment holding
Chelsea Parking Services Sdn Bhd(1)	Malaysia	-	-	100	-	Dormant
MAA International Investments Ltd	Malaysia	100	-	100	-	Investment holding
Menang Bernas Sdn Bhd	Malaysia	100	-	100	-	Dormant
MAA Cards Sdn Bhd	Malaysia	100	-	100	-	Business of prepaid cards and other related cards and services
#MaaxSite Sdn Bhd	Malaysia	100	-	100	-	Dormant
#MaaxClub Sdn Bhd	Malaysia	100	-	100	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

		31.12.2014		31.12.2013		
Name of company	**Country incorporation**	**Group's effective interest**	**Non-controlling interests**	**Group's effective interest**	**Non-controlling interests**	**Principal activities**
		%	**%**	**%**	**%**	
Subsidiaries of MAA Corporate Advisory Sdn Bhd						
*MAACA Labuan Ltd ("MAACAL")(1)	Labuan, Malaysia	-	-	51	49	Providing offshore corporate advisory and consultancy services
MAACA Corporate Services Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services
Subsidiary of MAA International Assurance Ltd						
#PT MAA General Assurance	Indonesia	83	17	83	17	General insurance business
Subsidiaries of MAA International Investments Ltd						
#MAA Mutualife Philippines, Inc	Philippines	100	-	100	-	Unit trust funds management
#Columbus Capital Singapore Pte Ltd	Singapore	100	-	100	-	Investment holding
Subsidiary of MAA International Corporation Ltd						
#MAA Corporate & Compliance Phils. Inc.	Philippines	100	-	100	-	Investment holding and providing management services
Subsidiaries of MAA Credit Berhad						
#Pusat Tuisyen Kasturi Sdn Bhd	Malaysia	100	-	70	30	Provision of education services and operations of education tuition centres
#Keris Murni Sdn Bhd	Malaysia	100	-	70	30	Provision of education services and operations of education tuition centres
#Nilam Timur Sdn Bhd(1)	Malaysia	-	-	100	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

		31.12.2014		31.12.2013		
Name of company	**Country incorporation**	**Group's effective interest**	**Non-controlling interests**	**Group's effective interest**	**Non-controlling interests**	**Principal activities**
		%	%	%	%	
Subsidiary of Pusat Tuisyen Kasturi Sdn Bhd						
#Pelangi Tegas Sdn Bhd	Malaysia	100	-	70	30	Provision of education services and operations of education tuition centres
Subsidiaries of Keris Murni Sdn Bhd						
#Genting Mutiara Sdn Bhd	Malaysia	100	-	70	30	Provision of education services and operations of education tuition centres
#Jaguh Suria Sdn Bhd	Malaysia	100	-	70	30	Provision of education services and operations of education tuition centres
#Indopelangi Sdn Bhd	Malaysia	100	-	70	30	Provision of education services and operations of education tuition centres

* MAACAL was previously 51% owned by the Company and 49% owned by a company controlled by a Director of the Company and a director of MAACAL and the immediate holding company, MAA Corporate Advisory Sdn Bhd.

\# Subsidiaries not audited by PricewaterhouseCoopers Malaysia.

(1) Subsidiaries that were disposed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

7 SUBSIDIARIES (continued)

The Groups' subsidiaries that have material non-controlling interests ("NCI") are as follows:

	MAA Takaful Berhad	PT MAA General Assurance	Other individually immaterial subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2014				
NCI percentage of ownership interest and voting interest	25%	17%		
Carrying amount of NCI	29,443	(9,357)	-	20,086
31 December 2013				
NCI percentage of ownership interest and voting interest	25%	17%		
Carrying amount of NCI	30,675	(12,246)	791	19,220

Set out below is the summarised financial information for subsidiaries that have material NCI:

Summarised statement of financial position

	MAA Takaful Berhad		PT MAA General Assurance	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Non-current assets	264,842	225,941	2,106	2,036
Current assets	833,672	600,324	63,830	50,249
Non-current liabilities	(107,472)	(66,726)	-	-
Current liabilities	(874,196)	(637,270)	(119,426)	(132,164)
Net assets/(liabilities)	116,846	122,269	(53,490)	(79,879)

Summarised statement of income and statement of other comprehensive income

	MAA Takaful Berhad		PT MAA General Assurance	
	Financial year ended 31 December		Financial year ended 31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Operating revenue	676,429	503,164	290	28,360
(Loss)/profit before taxation	(3,708)	13,047	16,991	(28,093)
Taxation	(1,225)	(3,044)	-	(478)
(Loss)/profit for the financial year	(4,933)	10,003	16,991	(28,571)
Other comprehensive (loss)/income for the financial year	(490)	(3,851)	80	(473)
Total comprehensive (loss)/income for the financial year	(5,423)	6,152	17,071	(29,044)
Total comprehensive (loss)/income allocated to NCI	(1,232)	2,501	2,889	(4,857)
Dividends paid to NCI	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

7 SUBSIDIARIES (continued)

Summarised statement of cash flows

	MAA Takaful Berhad		PT MAA General Assurance	
	Financial year ended 31 December		Financial year ended 31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash flows from:				
Operating activities	6,161	10,206	(12,150)	(9,699)
Investing activities	(3,022)	(3,203)	242	397
Financing activities	-	-	11,398	9,786
Net increase/(decrease) in cash and cash equivalents	3,139	7,003	(510)	484
Cash and cash equivalents at beginning of financial year	10,682	3,679	1,337	853
Cash and cash equivalents at end of financial year	13,821	10,682	827	1,337

The financial information above comprised of the amounts before inter-company elimination.

8 ASSOCIATES

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	71,997	72,054	100	100
Less: Accumulated impairment loss	(7,650)	(7,650)	(100)	(100)
	64,347	64,404	-	-
Dividend received	(264)	(264)	-	-
Share of post acquisition profit/(loss)	345	(168)		
Share of other comprehensive income/(loss)	438	(2,475)	-	-
	64,866	61,497	-	-

During the financial year ended 31 December 2014, the Group re-assessed its ability to exercise significant influence on Nishio Rent (All) Sdn Bhd. Based on that assessment, the Group determined that it no longer has significant influence over Nishio Rent (All) Sdn Bhd. Consequently the investment is derecognised as an associate and reclassified to AFS investments.

8 ASSOCIATES (continued)

The details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 31.12.2014	Group's effective interest 31.12.2013	Principal activities
		%	%	
*Nishio Rent All (M) Sdn Bhd	Malaysia	-	30	Renting of construction and industrial equipment
MAA Bancwell Trustee Berhad	Malaysia	49	49	Trust fund management and trust services
Meridian Asset Management Holdings Sdn Bhd	Malaysia	40	40	Investment holding
Associate of MAA International Assurance Ltd				
MAA General Assurance Philippines, Inc	Philippines	40	40	General insurance business
Associate of Columbus Capital Singapore Pte Ltd				
Columbus Capital Pty Limited	Australia	48	48	Retail mortgage lending and loan securitisation
Subsidiaries of Meridian Asset Management Holdings Sdn Bhd				
Meridian Asset Management Sdn Bhd	Malaysia	40	40	Fund management and investment and advisory services
Meridian Asset Management (Asia) Ltd	Malaysia	40	40	Fund management and investment and advisory services

* The financial year-end of this associate is not co-terminus with the Group. However, for purposes of consolidation, the associate had prepared financial statements with the same statement of financial position date as the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

8 ASSOCIATES (continued)

Set out below is the summarised financial information for material associates of the Group:

Summarised statement of financial position

	Columbus Capital Pty Limited		MAA General Assurance Philippines, Inc	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current assets	3,512,543	4,663,306	1,924	1,487
Current assets	140,831	224,867	164,964	175,827
Non-current liabilities	(3,594,769)	(4,826,750)	-	-
Current liabilities	(19,159)	(20,756)	(111,439)	(136,652)
Net assets	39,446	40,667	55,449	40,662
% of shareholding	48%	48%	40%	40%
Share of net assets	18,934	19,521	22,179	16,265
Goodwill	25,097	25,097	2,531	2,531
Currency translation differences	(551)	(1,385)	(3,324)	(2,396)
Carrying value of the Group's interest in associates	43,480	43,233	21,386	16,400

Summarised statement of income and statement of other comprehensive income

	Columbus Capital Pty Limited		MAA General Assurance Philippines, Inc	
	Financial year ended 31 December		**Financial year ended 31 December**	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue	255,820	348,866	49,367	56,022
Profit before taxation	1,005	3,400	5,772	1,938
Taxation	(490)	(995)	(589)	(567)
Profit for the financial year	515	2,405	5,183	1,371
Other comprehensive income/(loss) for the financial year	-	-	7,212	(6,161)
Total comprehensive income/(loss) for the financial year	515	2,405	12,395	(4,790)
Dividends received from associates	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

8 ASSOCIATES (continued)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying value of the Group's interest in associates.

	Columbus Capital Pty Limited	MAA General Assurance Philippines, Inc	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	35,588	18,327	2,399	56,314
Share of profit/(loss)	1,153	548	(176)	1,525
Share of other comprehensive loss	-	(2,475)	-	(2,475)
Subscription of redeemable preference shares	2,830	-	-	2,830
Write back of/(allowance for) impairment loss	3,662	-	(281)	3,381
Elimination of dividend received	-	-	(78)	(78)
At 31 December 2013 / 1 January 2014	43,233	16,400	1,864	61,497
Share of profit	247	2,073	-	2,320
Share of other comprehensive income	-	2,913	-	2,913
De-recognition of an associate to AFS investment				
- Cost of investment	-	-	(57)	(57)
- Share of post acquisition profit	-	-	(1,807)	(1,807)
	-	-	(1,864)	(1,864)
At 31 December 2014	43,480	21,386	-	64,866

The write back of impairment loss of investment in Columbus Capital Pty Limited ("CCAU") of RM3,662,000 credited to income statement in the financial year ended 31 December 2013 was determined based on the Group's assessment of its recoverable amount over the Group's cost of investment.

The recoverable amount of CCAU was determined based on value-in-use calculations which used cash flow projections based on financial budgets covering five years period. The recoverable amount calculated based on value-in-use exceeded cost of investment by RM17,410,000, using the discount rate of 5.77%.

Unrecognised share of losses of associate

	Meridian Assets Management Holdings Sdn Bhd	
	31.12.2014	31.12.2013
	RM'000	RM'000
(Loss)/profit after taxation	(17,876)	349
Interest in associate	40%	40%
Unrecognised share of (loss)/profit of associate	(7,150)	140

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9 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

GROUP

					31.12.2014
	Share-holders' fund	**General fund**	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	-	-	3,213	607	3,820
Deferred tax liabilities	(911)	-	-	-	(911)
	(911)	-	3,213	607	2,909
Current	-	-	-	601	601
Non-current	(911)	-	3,213	6	2,308
	(911)	-	3,213	607	2,909
At 1 January 2014	(2,282)	-	47	(1,689)	(3,924)
Credited/(charged) to income statement (Note 34):					
- property, plant and equipment	(27)	-	-	-	(27)
- financial assets at FVTPL	3	-	-	2,269	2,272
- allowance for impairment loss	-	-	3,137	-	3,137
- expense liabilities	1,095	-	-	-	1,095
- unutilised tax losses	137	-	-	-	137
	1,208	-	3,137	2,269	6,614
Credited to other comprehensive income:					
- AFS financial assets	163	-	-	-	163
Credited to takaful contract liabilities:					
- AFS financial assets	-	-	29	27	56
At 31 December 2014	(911)	-	3,213	607	2,909
Subject to income tax:					
<u>Deferred tax assets (before offsetting)</u>					
AFS financial assets	64	-	76	6	146
Financial assets at FVTPL	3	-	-	601	604
Allowance for impairment loss	-	-	3,137	-	3,137
Expense liabilities	1,095	-	-	-	1,095
Unutilised tax losses	137	-	-	-	137
	1,299	-	3,213	607	5,119
Offsetting	(1,299)	-	-	-	(1,299)
Deferred tax assets (after offsetting)	-	-	3,213	607	3,820
<u>Deferred tax liabilities (before offsetting)</u>					
Property, plant and equipment	(2,210)	-	-	-	(2,210)
Offsetting	1,299	-	-	-	1,299
Deferred tax liabilities (after offsetting)	(911)	-	-	-	(911)

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

9 DEFERRED TAX (continued)

GROUP

					31.12.2013
	Share-holders' fund	**General fund**	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	-	-	47	-	47
Deferred tax liabilities	(2,282)	-	-	(1,689)	(3,971)
	(2,282)	-	47	(1,689)	(3,924)
Current	-	-	-	(1,668)	(1,668)
Non-current	(2,282)	-	47	(21)	(2,256)
	(2,282)	-	47	(1,689)	(3,924)
At 1 January 2013	(3,978)	558	(627)	(1,505)	(5,552)
Credited/(charged) to income statement (Note 34):					
- property, plant and equipment	61	(16)	-	-	45
- financial assets at FVTPL	-	-	-	(444)	(444)
- receivables, deposits and prepayments	-	(203)	-	-	(203)
- others	-	(259)	-	-	(259)
	61	(478)	-	(444)	(861)
Credited to other comprehensive income:					
- AFS financial assets	1,285	-	-	-	1,285
Credited to takaful contract liabilities:					
- AFS financial assets	-	-	674	260	934
Arising from disposed subsidiaries	350	-	-	-	350
Currency translation differences	-	(80)	-	-	(80)
At 31 December 2013	(2,282)	-	47	(1,689)	(3,924)
Subject to income tax:					
<u>Deferred tax assets (before offsetting)</u>					
AFS financial assets	-	-	47	-	47
Financial assets at FVTPL	-	-	-	19	19
	-	-	47	19	66
Offsetting	-	-	-	(19)	(19)
Deferred tax assets (after offsetting)	-	-	47	-	47
<u>Deferred tax liabilities (before offsetting)</u>					
Property, plant and equipment	(2,183)	-	-	-	(2,183)
AFS financial assets	(99)	-	-	(21)	(120)
Financial assets at FVTPL	-	-	-	(1,687)	(1,687)
	(2,282)	-	-	(1,708)	(3,990)
Offsetting	-	-	-	19	19
Deferred tax liabilities (after offsetting)	(2,282)	-	-	(1,689)	(3,971)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

9 DEFERRED TAX (continued)

	COMPANY	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Non-current		
Deferred tax liabilities	(122)	(129)
At 1 January	(129)	(131)
Credited to income statement (Note 34):		
- property, plant and equipment	7	2
At 31 December	(122)	(129)
Subject to income tax:		
Deferred tax liabilities (before and after offsetting)		
Property, plant and equipment	(122)	(129)

The amounts of deductible temporary differences, unutilised tax losses and unabsorbed capital allowances (all of which have no expiry date) for which no deferred tax assets are recognised in the statement of financial position as it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised, are as follows:

	GROUP	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Deductible temporary differences	749	6,687
Unutilised tax losses	176,446	153,970
Unabsorbed capital allowances	8,937	8,810
Allowance for doubtful debts	695	12,272
	186,827	181,739

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

10 INVESTMENTS

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Guaranteed Financing	41,002	48,634	-	-
Corporate debt securities	34,647	39,183	34,647	34,714
Government debt securities	1,544	1,406	-	-
Islamic debt securities	233,087	190,054	-	-
Syariah-approved equity securities	221,582	209,059	-	-
Equity securities	29,426	43,304	-	-
Other investments	-	5,861	-	-
Investment-linked units	9,487	10,430	-	-
Unit trusts	1,946	2,033	-	-
Loans	5,640	5,834	-	38
Fixed and call deposits with licensed banks	21,887	103,197	19,062	100,565
	600,248	658,995	53,709	135,317

The Group's and the Company's investments are summarised by categories as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVTPL")	321,005	294,722	-	-
Available-for-sale ("AFS") financial assets	210,714	214,361	34,647	34,714
Held-to-maturity ("HTM") financial assets	41,002	40,881	-	-
Loans and receivables ("LAR") (Note 11)	27,527	109,031	19,062	100,603
	600,248	658,995	53,709	135,317
The following investments mature after 12 months:				
Financial assets at FVTPL	-	3,961	-	-
AFS financial assets	146,659	150,973	-	-
HTM financial assets	41,002	40,881	-	-
LAR (Note 11)	25	57	-	-
	187,686	195,872	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

10 INVESTMENTS (continued)

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	1,874	1,814	-	-
Unit trusts quoted outside Malaysia	72	219	-	-
Investment-linked units	9,487	10,430	-	-
	11,433	12,463	-	-
Designated at FVTPL:				
Equity securities quoted in Malaysia	-	15,120	-	-
Shariah-approved equity securities quoted in Malaysia	221,582	209,059	-	-
Corporate debt securities quoted in Malaysia	-	3,961	-	-
Islamic debt securities unquoted in Malaysia	87,990	48,258	-	-
Other investments	-	5,861	-	-
	309,572	282,259	-	-
	321,005	294,722	-	-
(b) AFS financial assets				
Fair value:				
Equity securities unquoted in Malaysia	1,523	620	-	-
Equity securities quoted outside Malaysia	318	-	-	-
Equity securities unquoted outside Malaysia	27,585	27,564	-	-
Corporate debt securities unquoted in Malaysia	34,647	35,222	34,647	34,714
Government debt securities unquoted outside Malaysia	1,544	1,406	-	-
Islamic debt securities unquoted in Malaysia	145,097	141,796	-	-
Malaysian Government Guaranteed Financing	-	7,753	-	-
	210,714	214,361	34,647	34,714
(c) HTM financial assets				
Amortised cost:				
Malaysian Government Guaranteed Financing	41,002	40,881	-	-
Fair value:				
Malaysian Government Guaranteed Financing	39,613	38,977	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

10 INVESTMENTS (continued)

Carrying values of financial assets

The movements in the Group and the Company's financial assets (excluding loans and receivables) are summarised in the table below by measurement category:

GROUP

	FVTPL RM'000	AFS RM'000	HTM RM'000	Total RM'000
At 1 January 2013	248,336	184,604	35,834	468,774
Bonds acquired from Settlement Agreement	-	21,603	-	21,603
Fair value gain from acquisition of bonds via Settlement Agreement (Note 30)	-	23,770	-	23,770
Purchases	197,832	69,863	5,000	272,695
Disposals including maturities and redemptions	(162,435)	(73,609)	-	(236,044)
Dividend income capitalised	60	-	-	60
Fair value gain/(loss) recorded in:				
Income statement (Note 27)	10,722	-	-	10,722
Other comprehensive income				
- Gross fair value changes	-	2,507	-	2,507
Insurance/takaful contract liabilities				
- Gross fair value changes (Note 16)	-	(4,284)	-	(4,284)
Movement in accrued interest/profit	250	627	48	925
Movement in impairment allowance (Note 30)	-	(12,048)	-	(12,048)
Accretion of discount/(amortisation of premium) (Note 25)	-	173	(1)	172
Currency translation differences	(43)	1,155	-	1,112
At 31 December 2013 / 1 January 2014	294,722	214,361	40,881	549,964
Reclassification from other receivables	-	234	-	234
Arising from derecognition of associated company	-	1,756	-	1,756
Purchases	350,413	28,529	-	378,942
Disposals including maturities and redemptions	(294,405)	(32,092)	-	(326,497)
Dividend income capitalised	63	-	-	63
Fair value gain/(loss) recorded in:				
Income statement (Note 27)	(30,360)	-	-	(30,360)
Other comprehensive income				
- Gross fair value changes	-	(1,599)	-	(1,599)
Insurance/takaful contract liabilities				
- Gross fair value changes (Note 16)	-	(98)	-	(98)
Movement in accrued interest/profit	695	(563)	122	254
Amortisation of premium (Note 25)	-	(945)	(1)	(946)
Arising from the disposed subsidiary (Note 38(d))	-	(620)	-	(620)
Currency translation differences	(123)	1,751	-	1,628
At 31 December 2014	321,005	210,714	41,002	572,721

NOTES TO THE FINANCIAL STATEMENTS
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10 INVESTMENTS (continued)

Carrying values of financial assets (continued)

The movements in the Group and the Company's financial assets (excluding loans and receivables) are summarised in the table below by measurement category: (continued)

COMPANY

	AFS	Total
	RM'000	**RM'000**
At 1 January 2013	1,664	1,664
Bonds acquired from Settlement Agreement	21,603	21,603
Disposals including maturities and redemptions	(3,212)	(3,212)
Fair value gain from acquisition of bonds via Settlement Agreement (Note 31)	23,770	23,770
Fair value gain recorded in other comprehensive income		
- Gross fair value changes	1,589	1,589
Movement in impairment allowance (Note 30)	(11,110)	(11,110)
Accretion of discounts (Note 25)	233	233
Movement in accrued interest	177	177
At 31 December 2013 / 1 January 2014	34,714	34,714
Fair value gain recorded in other comprehensive income		
- Gross fair value changes	188	188
Amortisation of premiums (Note 25)	(255)	(255)
At 31 December 2014	34,647	34,647

10 INVESTMENTS (continued)

Fair values of investments

The following tables show the analysis of the different hierarchy of fair values for investments recorded at fair values and investments not measured at fair value but the fair values are disclosed:

GROUP

	Level 1	Level 2	Level 3	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
31 December 2013				
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	1,814	-	-	1,814
Unit trusts quoted outside Malaysia	-	219	-	219
Investment-linked units	10,430	-	-	10,430
	12,244	219	-	12,463
Designated at FVTPL:				
Equity securities quoted in Malaysia	15,120	-	-	15,120
Shariah-approved equity securities quoted in Malaysia	209,059	-	-	209,059
Corporate debt securities quoted in Malaysia	3,961	-	-	3,961
Islamic debt securities unquoted in Malaysia	-	48,258	-	48,258
Other investments	5,861	-	-	5,861
	234,001	48,258	-	282,259
	246,245	48,477	-	294,722
(b) AFS financial assets				
Equity securities unquoted in Malaysia	-	620	-	620
Equity securities unquoted outside Malaysia	-	1	27,563	27,564
Corporate debt securities unquoted in Malaysia	-	35,222	-	35,222
Government debt securities unquoted outside Malaysia	-	1,406	-	1,406
Islamic debt securities unquoted in Malaysia	-	141,796	-	141,796
Malaysian Government Guaranteed Financing	-	7,753	-	7,753
	-	186,798	27,563	214,361
(c) HTM financial assets				
Malaysian Government Guaranteed Financing	-	38,977	-	38,977

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

10 INVESTMENTS (continued)

Fair values of investments (continued)

The following tables show the analysis of the different hierarchy of fair values for investments recorded at fair values and investments not measured at fair value but the fair values are disclosed: (continued)

GROUP

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2014				
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	1,874	-	-	1,874
Unit trusts quoted outside Malaysia	-	72	-	72
Investment-linked units	9,487	-	-	9,487
	11,361	72	-	11,433
Designated at FVTPL:				
Shariah-approved equity securities quoted in Malaysia	221,582	-	-	221,582
Islamic debt securities unquoted in Malaysia	-	87,990	-	87,990
	221,582	87,990	-	309,572
	232,943	88,062	-	321,005
(b) AFS financial assets				
Equity securities unquoted in Malaysia	-	-	1,523	1,523
Equity securities quoted outside Malaysia	318	-	-	318
Equity securities unquoted outside Malaysia	-	1	27,584	27,585
Corporate debt securities unquoted in Malaysia	-	34,647	-	34,647
Government debt securities unquoted outside Malaysia	-	1,544	-	1,544
Islamic debt securities unquoted in Malaysia	-	145,097	-	145,097
	318	181,289	29,107	210,714
(c) HTM financial assets				
Malaysian Government Guaranteed Financing	-	39,613	-	39,613

10 INVESTMENTS (continued)

Fair values of investments (continued)

GROUP

Valuation techniques – non-market observable inputs (Level 3)

	AFS RM'000	Total RM'000
At 1 January 2013	23,356	23,356
Fair value gain recorded in other comprehensive income	3,697	3,697
Movement in impairment loss	(858)	(858)
Currency translation difference	1,368	1,368
At 31 December 2013 / 1 January 2014	27,563	27,563
Arising from derecognition of an associate	1,756	1,756
Fair value loss recorded in other comprehensive income	(1,947)	(1,947)
Currency translation difference	1,735	1,735
At 31 December 2014	29,107	29,107

The investments above are classified within Level 3 investment for valuation techniques as non-market observable inputs are used. They comprised investments in equity securities of corporation, unquoted in and outside Malaysia. The valuation techniques use the Net Asset Value ("NAV") as a practical expedient to derive the fair values of the investments.

There was no transfer among Level 1, 2, and 3 during the financial year ended 31 December 2014.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Executive Committee. The finance team regularly reviews significant unobservable inputs and valuation adjustments.

The significant unobservable input for the investment above is NAV per share. The higher the NAV per share, the higher the estimated fair value.

Sensitivities

		Impact on	
	Change in variables	Fair value	Equity
	%	RM'000	RM'000
31 December 2014			
Net asset value	+10%	2,911	2,183
	-10%	(2,911)	(2,183)
31 December 2013			
Net asset value	+10%	2,756	2,067
	-10%	(2,756)	(2,067)

There is no impact to profit before taxation as this is an AFS investment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

10 INVESTMENTS (continued)

Fair values of investments (continued)

COMPANY

	Level 2	Total
	RM'000	**RM'000**
31 December 2013		
AFS financial assets		
Corporate debt securities unquoted in Malaysia	34,714	34,714
31 December 2014		
AFS financial assets		
Corporate debt securities unquoted in Malaysia	34,647	34,647

Included in the quoted market price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm's length basis. These are considered as Level 1 investments.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, fair values are based on broker quotes and discounted cash flow are considered as Level 2 investments.

Non-market observable inputs means that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, there is an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. These are considered as Level 3 investments.

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(continued)

11 LOANS AND RECEIVABLES

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Loans arising from:				
Mortgage loans	-	33	-	33
Secured loans	5,340	4,887	-	-
Unsecured loans	193	152	-	5
	5,533	5,072	-	38
Loans from leasing, hire purchase and others	24,672	34,119	-	-
Less: Allowance for impairment loss	(24,565)	(33,357)	-	-
	107	762	-	-
Fixed and call deposits with licensed banks	21,887	103,197	19,062	100,565
	27,527	109,031	19,062	100,603

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position.

The secured loans bear interest of 3.00% (2013: 3.00%) per annum and are repayable on demand.

The effective weighted average interest rate of fixed and call deposits with licensed banks during the financial year ranged from 3.19% to 7.00% (2013: 3.19% to 7.00%) per annum.

The maturity structure of the loans and receivables is as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Receivables within 12 months:				
Net loans	5,615	5,777	-	38
Fixed and call deposits with licensed banks	21,887	103,197	19,062	100,565
	27,502	108,974	19,062	100,603
Receivables after 12 months:				
Net loans	25	57	-	-
	27,527	109,031	19,062	100,603

The total loans portfolio net of allowance for impairment loss from leasing, hire purchase and others as at 31 December 2014 included non-performing loans ("NPL") amounting to RM Nil (2013: RM422,000). The borrowers of these NPL have committed repayments on agreed fixed repayment schedules and certain NPL are collateralised by properties and/or shares. The Group has assessed the values of the collaterals and/or committed cashflows stream based on the methods prescribed in Note 2.14 to the financial statements and made allowance for impairment loss where appropriate.

The fair values of the collaterals of loans held by the Group as at the date of the statement of financial position was RM10,484,000 (2013: RM10,113,000).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

11 LOANS AND RECEIVABLES (continued)

A reconciliation of the allowance for impairment losses for loans from leasing, hire purchase and others is as follows:

	GROUP	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
At 1 January	33,357	49,002
Allowance for impairment loss	7,747	298
Write back of impairment loss in respect of recoveries	(2,573)	(1,749)
Allowance for/(write back of) impairment loss – net (Note 30)	5,174	(1,451)
Bad debts written off	(13,966)	(14,194)
At 31 December	24,565	33,357

12 INSURANCE/TAKAFUL RECEIVABLES

	GROUP	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Due premiums/contributions including agents, brokers and co-insurers/co-takaful balances	84,524	33,100
Due from reinsurers/retakaful operators and cedants	91,199	29,913
	175,723	63,013
Less: Allowance for impairment loss	(18,828)	(12,091)
	156,895	50,922
Receivable within 12 months	156,895	50,922
<u>Offsetting financial assets and financial liabilities</u>		
Gross amounts of recognised financial assets	189,437	79,470
Less: Gross amounts of recognised financial liabilities set off in the statement of financial position (Note 18)	(13,714)	(16,457)
Net amounts of recognised financial assets presented in the statement of financial position	175,723	63,013

There were no financial assets subject to enforceable netting arrangements or similar agreements, and financial instruments received as collateral, nor any cash collateral pledged or received as at 31 December 2014 (2013: Nil).

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position.

A reconciliation of the allowance for impairment loss for insurance/takaful receivables is as follows:

	GROUP	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
At 1 January	12,091	4,690
Allowance for impairment loss (Note 32)	6,737	7,401
At 31 December	18,828	12,091

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

13 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Trade receivables of non-insurance subsidiaries	17	7	-	-
Amounts due from subsidiaries				
Amounts due from subsidiaries at gross	-	-	52,465	94,294
Less: accumulated impairment loss	-	-	(26,591)	(26,021)
	-	-	25,874	68,273
Amounts due from associates	3,246	2,676	-	20
Proceeds from disposal of subsidiaries deposited in escrow accounts	19,295	74,406	-	55,111
Other receivables, deposits and prepayments				
Other receivables, deposits and prepayments at gross	30,826	31,511	20,255	20,611
Less: accumulated impairment loss	(586)	(979)	(282)	(239)
	30,240	30,532	19,973	20,372
	52,798	107,621	45,847	143,776
Receivables within 12 months	52,798	68,924	45,847	124,376
Receivables after 12 months	-	38,697	-	19,400

A reconciliation of the allowance for impairment loss on trade and other receivables is as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	979	203	239	149
(Write back of)/allowance for impairment loss (Note 32)	(393)	776	43	90
At 31 December	586	979	282	239

A reconciliation of the allowance for impairment loss on amount due from subsidiaries is as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	26,021	25,451
Allowance for impairment loss (Note 30)	-	-	570	570
At 31 December	-	-	26,591	26,021

The fair value of receivables after 12 months approximates the carrying value as at the date of the statement of financial position.

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13 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2014, the amounts due from subsidiaries were interest-bearing advances of RM25,874,000 (2013: RM28,273,000). The interest-bearing advances bear interest rates ranging from 4.98% to 7.0% (2013: 4.98% to 7.0%) per annum, unsecured and are repayable on demand.

As at 31 December 2013, the amounts due from subsidiaries also included an amount of RM40,000,000 from redemption of 1997 redeemable preference shares that was subsequently received on 10 January 2014.

The proceeds from the disposal of subsidiaries deposited in escrow accounts of the Group and the Company comprised the following:

(a) a balance of RM55,111,000 ("Retained Proceeds") being the amount of Zurich's remaining outstanding claims relating to alleged breach of warranties and indemnities ("Zurich's Counterclaims") in the SPA as disclosed in Note 50(a) to the financial statements which was subsequently settled in full during the current financial year; and

(b) an amount of RM19,295,000 ("Escrow Amount") from the sale consideration of the disposal of MAAKL Mutual to Manulife Holdings Berhad ("Manulife"). The Escrow Amount together with accrued interest, less any amount paid by the escrow agent in connection with any claims for a breach of any of the warranties or indemnities stated in the sale and purchase agreement to Manulife, shall be paid to the vendors on the date falling after 24 months from the sale completion date.

The amounts due from associates of the Group are non-interest bearing advances, unsecured and repayable on demand.

Included in other receivables, deposits and prepayments of the Group and the Company were:

(a) interest receivable of RM635,000 (2013: RM389,000) on the proceeds from the sale of disposed subsidiaries deposited in the escrow accounts. The deposit in the escrow account bears an interest rate at 3.12% to 3.30% (2013: 2.75%) per annum; and

(b) an amount of RM19,357,000 (2013: RM19,400,000) ("Extended Sum") extended by the Company to PIMA Pembanguanan Sdn Bhd ("PIMA") relating to the Company's obligations to obtain and deliver the individual strata title for Block A of Prima Avenue Klang ("PAK") to Zurich under the conditions precedent in the Settlement Agreement signed with Zurich as disclosed in Note 50(a) to the financial statements. The Extended Sum is secured by identified unsold retail and office units in Block B, unsold car park parcels and site of unbuilt Block C located at PAK ("Securities"). Based on the valuations performed by independent professional valuers at the date of the statement of financial position, the aggregate fair market values of the Securities were RM21,945,000 (2013: RM19,500,000).

14 CASH AND CASH EQUIVALENTS

		GROUP		**COMPANY**
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed and call deposits with licences banks	325,601	165,744	159,166	32,469
Cash and bank balances	16,667	16,096	77	140
	342,268	181,840	159,243	32,609
Bank overdrafts (Note 20)	-	(4,715)	-	-
	342,268	177,125	159,243	32,609

The effective weighted average interest rate of fixed and call deposits with licensed banks during the financial year ranged from 2.45% to 8.75% (2013: 1.97% to 8.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

15 ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP	
	31.12.2014	31.12.2013
	RM'000	RM'000
Net carrying amount		
At 1 January	178	1,015
Transferred to property, plant and equipment (Note 4)	(178)	(1,015)
Transferred from other receivables	-	178
At 31 December	-	178

In the previous financial year ended 31 December 2012, the asset classified as held for sale consisted of a yacht owned by an insurance subsidiary of the Group. The carrying amount of the yacht represented the fair value as at the statement of financial position date. During the financial year ended 31 December 2013, the Group reclassified the yacht from asset classified as held for sale to property, plant and equipment as it no longer met the criteria of MFRS 5 'Non-Current Asset Held For Sale And Discontinued Operations' to be classified as held for sale.

During the financial year ended 31 December 2013, the Group reclassified a piece of leasehold land previously recorded under other receivables, to asset classified as held for sale. The leasehold land was acquired via a debt recovery action taken by a subsidiary for a loan due by a borrower. The subsidiary intended to sell the leasehold land to recover the loan. The carrying amount of the leasehold land represented the fair value as at the date of the statement of financial position. During the current financial year, the Group reclassified the land from asset classified as held for sale to property, plant and equipment as it no longer met the criteria of MFRS 5 to be classified as held for sale.

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES

		GROUP					
	Note	31.12.2014			31.12.2013		
		Gross	Re-insurance/ retakaful	Net	Gross	Re-insurance/ retakaful	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General insurance	(a)	34,857	(6,509)	28,348	71,691	(41,972)	29,719
Family takaful	(b)	445,980	(14,535)	431,445	352,196	(15,490)	336,706
General takaful	(c)	366,291	(280,382)	85,909	254,065	(200,362)	53,703
		847,128	(301,426)	545,702	677,952	(257,824)	420,128

(a) General insurance

The General insurance contract liabilities and movements are further analysed as follows:

	GROUP					
	31.12.2014			31.12.2013		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	33,393	(6,394)	26,999	65,544	(41,282)	24,262
Provision for IBNR	1,462	(114)	1,348	6,032	(687)	5,345
Claim liabilities (i)	34,855	(6,508)	28,347	71,576	(41,969)	29,607
Premium liabilities (ii)	2	(1)	1	115	(3)	112
	34,857	(6,509)	28,348	71,691	(41,972)	29,719

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(a) General insurance (continued)

The General insurance contract liabilities and movements are further analysed as follows: (continued)

(i) Claim liabilities

						GROUP
			31.12.2014			31.12.2013
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	71,576	(41,969)	29,607	96,074	(55,082)	40,992
Claims incurred in the current accident year	19,996	(15,515)	4,481	33,266	(1,607)	31,659
Claims paid during the financial year (Note 31(a))	(54,045)	51,243	(2,802)	(44,076)	17,430	(26,646)
Movement in IBNR	(4,570)	573	(3,997)	(22,965)	10,388	(12,577)
	(38,619)	36,301	(2,318)	(33,775)	26,211	(7,564)
Currency translation differences	1,898	(840)	1,058	9,277	(13,098)	(3,821)
At 31 December	34,855	(6,508)	28,347	71,576	(41,969)	29,607

(ii) Premium liabilities

	Gross	Re-insurance	Net	Gross	Re-insurance	Net
At 1 January	115	(3)	112	20,916	(11,730)	9,186
Premiums written during the financial year (Note 24(a))	-	-	-	4,777	(10,349)	(5,572)
Premiums earned during the financial year (Note 24(a))	(110)	3	(107)	(28,151)	24,667	(3,484)
	(110)	3	(107)	(23,374)	14,318	(9,056)
Currency translation differences	(3)	(1)	(4)	2,573	(2,591)	(18)
At 31 December	2	(1)	1	115	(3)	112

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(b) Family takaful

The Family takaful contract liabilities and movements are further analysed as follows:

						GROUP
			31.12.2014			**31.12.2013**
	Gross	**Retakaful**	**Net**	**Gross**	**Retakaful**	**Net**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Certificateholders' liabilities	77,406	(11,703)	65,703	64,571	(13,648)	50,923
Net assets values attributable to unitholders	349,671	-	349,671	278,067	-	278,067
Actuarial liabilities	427,077	(11,703)	415,374	342,638	(13,648)	328,990
Unallocated surplus attributable to unitholders	4,330	-	4,330	4,823	-	4,823
Accumulated deficits of non-investment-linked units	(11,348)	-	(11,348)	-	-	-
Qardhul Hassan	11,348	-	11,348	-	-	-
Claim liabilities	14,638	(2,832)	11,806	4,671	(1,842)	2,829
AFS reserves	(65)	-	(65)	64	-	64
	445,980	(14,535)	431,445	352,196	(15,490)	336,706
At 1 January	352,196	(15,490)	336,706	310,882	(13,792)	297,090
Contributions received (Note 24(c))	367,560	(5,754)	361,806	258,162	(9,455)	248,707
Liabilities paid for death, maturities, surrenders, benefits and claims (Note 31(d))	(192,031)	5,391	(186,640)	(151,393)	10,286	(141,107)
Movement in claim liabilities	(9,967)	990	(8,977)	(2,145)	1,252	(893)
Experience variance on inforce Takaful certificates	(506)	(52)	(558)	11,811	(8,854)	2,957
Reserves for new policies	2,302	(585)	1,717	8,779	(2,108)	6,671
Miscellaneous	8,013	965	8,978	5,000	7,181	12,181
Fees deducted	(81,806)	-	(81,806)	(78,476)	-	(78,476)
Surplus distributed to shareholders' fund	(11,000)	-	(11,000)	(7,250)	-	(7,250)
Qardhul Hassan	11,348	-	11,348	-	-	-
Movement in AFS fair value adjustments						
- Gross fair value changes	82	-	82	(2,462)	-	(2,462)
- Transferred to Income Statement upon disposal of AFS financial assets	(238)	-	(238)	(972)	-	(972)
- Deferred tax	27	-	27	260	-	260
	(129)	-	(129)	(3,174)	-	(3,174)
At 31 December	445,980	(14,535)	431 445	352,196	(15,490)	336,706

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(c) General Takaful

The General takaful contract liabilities and movements are further analysed as follows:

	GROUP					
			31.12.2014			31.12.2013
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	151,965	(125,385)	26,580	100,097	(80,349)	19,748
Provision for IBNR	71,456	(55,278)	16,178	43,678	(33,778)	9,900
Provision for risk of adverse deviation ("PRAD")	23,818	(20,050)	3,768	16,261	(13,370)	2,891
Claim liabilities (i)	247,239	(200,713)	46,526	160,036	(127,497)	32,539
Unearned contribution reserves (ii)	119,279	(79,669)	39,610	94,104	(72,865)	21,239
AFS reserves (iii)	(227)	-	(227)	(140)	-	(140)
Unallocated surplus (iv)	-	-	-	65	-	65
	366,291	(280,382)	85,909	254,065	(200,362)	53,703
(i) Claim liabilities						
At 1 January	160,036	(127,497)	32,539	108,601	(84,140)	24,461
Claims incurred in the current accident year	180,401	(142,510)	37,891	122,509	(94,354)	28,155
Other movements in claims incurred in prior accident years	(14,624)	11,052	(3,572)	(8,474)	6,649	(1,825)
Claims paid during the financial year (Note 31(c))	(86,131)	64,922	(21,209)	(67,140)	48,210	(18,930)
Movement in PRAD	7,557	(6,680)	877	4,540	(3,862)	678
	87,203	(73,216)	13,987	51,435	(43,357)	8,078
At 31 December	247,239	(200,713)	46,526	160,036	(127,497)	32,539
(ii) Unearned contribution reserves						
At 1 January	94,104	(72,865)	21,239	62,574	(48,001)	14,573
Contributions written during the financial year (Note 24(b))	311,985	(225,886)	86,099	247,287	(195,990)	51,297
Contributions earned during the financial year (Note 24(b))	(286,810)	219,082	(67,728)	(215,757)	171,126	(44,631)
	25,175	(6,804)	18,371	31,530	(24,864)	6,666
At 31 December	119,279	(79,669)	39,610	94,104	(72,865)	21,239

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(c) General Takaful (continued)

The General takaful contract liabilities and movements are further analysed as follows: (continued)

(iii) AFS reserves

	Gross RM'000	Deferred tax RM'000	Net RM'000
At 1 January 2013	2,509	(627)	1,882
Fair value changes arising from AFS financial assets	(1,822)	456	(1,366)
Transferred to Income Statement upon disposal of AFS financial assets	(874)	218	(656)
	(2,696)	674	(2,022)
At 31 December 2013 / 1 January 2014	(187)	47	(140)
Fair value changes arising from AFS financial assets	(180)	45	(135)
Transferred to Income Statement upon disposal of AFS financial assets	64	(16)	48
	(116)	29	(87)
At 31 December 2014	(303)	76	(227)

(iv) Unallocated surplus

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2013	-	-	-
Surplus for the financial year	65	-	65
At 31 December 2013 / 1 January 2014	65	-	65
Surplus utilised during the financial year	(65)	-	(65)
At 31 December 2014	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

17 INVESTMENT CONTRACT LIABILITIES

	GROUP	
	31.12.2014	31.12.2013
	Gross/Net	Gross/Net
	RM'000	RM'000
Without DPF	-	4,082
At 1 January	4,082	11,289
Withdrawals	(3,568)	(7,614)
Fees deducted	(153)	(436)
Net investment income	53	149
Other operating income - net	-	112
Fair value adjustments – Investments	(389)	261
Gross change to contract liabilities (Note 31(b))	(489)	86
Changes in insurance liabilities and actuarial assumptions	-	1
Currency translation differences	(25)	320
At 31 December	-	4,082

Investment contract liabilities without DPF are stated at fair value.

Investment contract liabilities without DPF are further analysed as follows:

Unit-linked liabilities valued using valuation techniques with market observable inputs	-	4,082

The fair value of unit-linked liabilities is based on the fair value of the underlying assets of the funds. As at 31 December 2014, the subsidiary no longer holds any investment contracts.

18 INSURANCE/TAKAFUL PAYABLES

	GROUP	
	31.12.2014	31.12.2013
	RM'000	RM'000
Due to agents, brokers and co-insurers/co-takaful	40,884	12,031
Due to reinsurers/retakaful operators and cedants	168,320	97,992
	209,204	110,023
Reinsurers'/retakaful operators' deposits withheld	473	1,047
	209,677	111,070
Payable within 12 months	209,677	111,070

<u>Offsetting financial assets and financial liabilities</u>

Gross amounts of recognised financial liabilities	223,391	127,527
Less: Gross amounts of recognised financial assets set off in the statement of financial position (Note 12)	(13,714)	(16,457)
Net amounts of recognised financial liabilities presented in the statement of financial position	209,677	111,070

There are no financial liabilities subject to enforceable netting arrangements or similar agreements, and financial instruments received as collateral, nor any cash collateral pledged or received as at 31 December 2014 (2013: Nil).

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

19 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts due to a Director	-	2,022	-	-
Amounts due to related companies	-	242	-	-
Defined contribution retirement plan payable	101	687	43	38
Accrual for unutilised staff leave	543	432	499	390
Commissions payable	8,669	8,127	-	-
Service tax payable	1	50	-	-
Provision for staff costs	2,575	690	235	306
Provision for zakat	-	294	-	-
Provision for staff retrenchment expenses	-	1,172	-	-
Accrual for office renovation	-	22	-	-
Provision for Zurich's Counterclaims	-	45,000	-	45,000
Deposits contribution	6,337	4,879	-	-
Cash collaterals	5,646	5,613	-	-
Expenses liabilities	4,378	1,853	-	-
Proceeds from disposal of subsidiary deposited in escrow accounts payable to previous shareholders	8,969	8,683	-	-
Other payables and accruals	20,324	25,215	1,407	1,237
	57,543	104,981	2,184	46,971
Payable within 12 months	57,543	104,981	2,184	46,971

In the previous financial year, the amounts due to a Director from a subsidiary were unsecured, interest free and had no fixed terms of repayment. These amounts due were repaid during the financial year.

The carrying amounts disclosed above approximate the fair values as at the date of the statement of financial position.

20 BANK OVERDRAFTS (UNSECURED)

The unsecured bank overdraft facility of a subsidiary bored an interest rate of 2.5% (2013: 2.5%) per annum above the prevailing base lending rate. During the financial year, the interest rates charged ranged from 9.10% to 9.35% (2013: 9.10%) per annum. The bank overdraft was fully settled on 14 October 2014 and the facility was terminated accordingly.

21 SHARE CAPITAL

	GROUP/COMPANY	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Authorised ordinary shares of RM1 each:		
At beginning and end of financial year	500,000	500,000
Issued and fully paid ordinary shares of RM1 each:		
At beginning and end of financial year	304,354	304,354

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

22 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.

Details of the share buy-back are as follows:

	Number of shares	Total purchase costs	Purchase price per share		Average price per share
			Lowest	Highest	
	'000	RM'000	RM	RM	RM
At 1 January 2014	-	-	-	-	-
September	100	68	0.67	0.68	0.68
October	679	424	0.62	0.63	0.62
December	1,246	820	0.65	0.66	0.66
At 31 December 2014	2,025	1,312			0.65

As at 31 December 2014, the number of shares in issue after setting off treasury shares against equity was 302,329,000.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

23 RETAINED EARNINGS AND RESERVES

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Retained earnings	113,845	116,594	55,033	63,271
Reserves				
- Foreign exchange reserves	4,360	8,389	-	-
- AFS reserves	2,664	1,844	229	41
- Revaluation reserves	-	215	-	-
	7,024	10,448	229	41
	120,869	127,042	55,262	63,312
Movement in retained earnings				
At 1 January	116,594	118,734	63,271	79,756
Profit/(loss) for the financial year	16,742	4,708	10,024	(9,637)
Transfer of revaluation reserves arising from disposal of subsidiary	215	-	-	-
Interim dividends paid (Note 36)	(18,262)	(6,848)	(18,262)	(6,848)
Excess of consideration paid to non-controlling interests on the acquisition of additional interest in subsidiaries (Note 39)	(1,444)	-	-	-
At 31 December	113,845	116,594	55,033	63,271
Movement in foreign exchange reserves				
At 1 January	8,389	(2,464)	-	-
Currency translation differences arising during the financial year	(4,029)	10,853	-	-
At 31 December	4,360	8,389	-	-
Movement in AFS reserves				
At 1 January	1,844	6,565	41	1,664
Gross fair value changes	(1,697)	(1,777)	188	1,589
Deferred tax	219	2,219	-	-
Movement in fair value of AFS financial assets, net of tax	(1,478)	442	188	1,589
Transferred to Income Statement upon disposal of AFS financial assets (Note 26)	(831)	(7,884)	-	(3,212)
Changes in insurance/takaful contract liabilities arising from unrealised net fair value changes (Note 16(b) and (c)(iii))	216	5,196	-	-
Share of fair value changes of AFS financial assets of associates (Note 8)	2,913	(2,475)	-	-
At 31 December	2,664	1,844	229	41

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

23 RETAINED EARNINGS AND RESERVES (continued)

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Movement in revaluation reserves				
At 1 January	215	215	-	-
Transfer of revaluation reserves to retained earnings arising from disposal of subsidiary	(215)	-	-	-
At 31 December	-	215	-	-

The AFS reserves represent the cumulative fair value gains or losses from AFS financial assets of the Group and the Company.

The revaluation reserves represent the surplus arising from the revaluation of leasehold land of a subsidiary.

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the Company.

Section 108 tax credits available to pay franked dividends had expired on 31 December 2013. With effect from 1 January 2014, the Company will distribute single-tier dividends under the single-tier system to its shareholders out of its retained earnings if dividends are declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

24 NET EARNED PREMIUMS/CONTRIBUTIONS

CONTINUING OPERATIONS

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000
(a) General fund			
(i) Gross earned premiums			
Insurance contracts	16(a)(ii)	-	4,777
Change in unearned premium reserve		110	23,374
	16(a)(ii)	110	28,151
(ii) Premiums ceded to reinsurers			
Insurance contracts	16(a)(ii)	-	(10,349)
Change in unearned premium reserve		(3)	(14,318)
	16(a)(ii)	(3)	(24,667)
Net earned premiums		107	3,484
(b) General takaful			
(i) Gross earned contributions			
Takaful contracts	16(c)(ii)	311,985	247,287
Change in unearned contribution reserve		(25,175)	(31,530)
	16(c)(ii)	286,810	215,757
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(c)(ii)	(225,886)	(195,990)
Change in unearned contribution reserve		6,804	24,864
	16(c)(ii)	(219,082)	(171,126)
Net earned contributions		67,728	44,631
(c) Family takaful			
(i) Gross earned contributions			
Takaful contracts	16(b)	367,560	258,162
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(b)	(5,754)	(9,455)
Net earned contributions		361,806	248,707
(d) Total			
(i) Gross earned premiums/contributions			
Insurance/takaful contracts		679,545	510,226
Change in unearned premium/contribution reserve		(25,065)	(8,156)
		654,480	502,070
(ii) Premiums ceded to reinsurers/retakaful operators			
Insurance/takaful contracts		(231,640)	(215,794)
Change in unearned premium/contribution reserve		6,801	10,546
		(224,839)	(205,248)
Net earned premiums/contributions		429,641	296,822

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

25 INVESTMENT INCOME

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	117	106	-	-
Financial assets at FVTPL				
Interest/profit income				
- Islamic debt securities unquoted in Malaysia	3,455	2,084	-	-
Dividend income				
- Equity securities quoted in Malaysia	84	617	-	-
- Syariah-approved equity securities quoted in Malaysia	5,887	5,806	-	-
	9,426	8,507	-	-
AFS financial assets				
Interest/profit income				
- Malaysian Government Guaranteed Financing	-	3,684	-	-
- Corporate debt securities unquoted in Malaysia	3,236	1,497	3,236	1,497
- Corporate debt securities quoted outside Malaysia	53	278	-	-
- Islamic debt securities unquoted in Malaysia	8,212	3,532	-	-
- Equity securities unquoted outside Malaysia	-	3	-	-
Dividend income				
- Equity securities quoted in Malaysia	-	67	-	67
- Equity securities unquoted in Malaysia	23	50	-	-
(Amortisation of premiums)/accretion of discounts				
- Corporate debt securities unquoted in Malaysia	(255)	233	(255)	233
- Islamic debt securities unquoted in Malaysia	(690)	(60)	-	-
	10,579	9,284	2,981	1,797
HTM financial assets				
Interest/profit income				
- Malaysian Government Guaranteed Financing	1,765	1,644	-	-
Amortisation of premiums				
- Malaysian Government Guaranteed Financing	(1)	(1)	-	-
	1,764	1,643	-	-
Loans and receivables				
Interest/profit income				
- mortgage loans	1	4	1	4
- other secured and unsecured loans	137	422	-	-
- other receivables	-	-	1,898	1,859
	138	426	1,899	1,863
Fixed and call deposits interest/profit income	11,286	7,558	6,738	4,206
	33,310	27,524	11,618	7,866

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

25 INVESTMENT INCOME (continued)

DISCONTINUED OPERATIONS (Note 35)

	GROUP 2014 RM'000	GROUP 2013 RM'000
Financial assets at FVTPL		
Dividend income		
- Equity securities quoted in Malaysia	-	50
Fixed and call deposits interest income	3	810
	3	860

26 REALISED GAINS AND LOSSES - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains	111	47	-	17
Realised losses	(171)	(6)	(13)	-
	(60)	41	(13)	17
Intangible assets				
Realised gains	3	-	3	-
Financial assets at FVTPL				
Realised gains:				
- Equity securities quoted in Malaysia	-	252	-	-
- Syariah-approved equity securities quoted in Malaysia	21,622	19,334	-	-
Realised losses:				
- Equity securities quoted in Malaysia	(230)	-	-	-
- Other investments	-	(3,834)	-	-
	21,392	15,752	-	-
AFS financial assets				
Realised gains:				
- Equity securities quoted in Malaysia	-	3,212	-	3,212
- Islamic debt securities unquoted in Malaysia	831	4,672	-	-
	831	7,884	-	3,212
	22,166	23,677	(10)	3,229

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

26 REALISED GAINS AND LOSSES - NET (continued)

DISCONTINUED OPERATIONS (Note 35)

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Property, plant and equipment		
Realised losses	-	(33)
Realised gains from disposal of subsidiaries (Note 38(a),(b),(c),(d),(e))	7,613	59,378
	7,613	59,345

27 FAIR VALUE GAINS AND LOSSES - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fair value gains on investment properties (Note 5)	2,021	1,551	-	-
Financial assets at FVTPL				
Net fair value gains/(losses):				
- Equity securities quoted in Malaysia	-	1,370	-	-
- Corporate debt securities quoted outside Malaysia	(389)	76	-	-
- Islamic debt securities unquoted in Malaysia	-	(1,724)	-	-
- Unit trusts	(24)	51	-	-
- Syariah-approved equity securities quoted in Malaysia	(29,500)	10,949	-	-
- investment-linked units	(447)	-	-	-
	(30,360)	10,722	-	-
	(28,339)	12,273	-	-

28 FEE AND COMMISSION INCOME

CONTINUING OPERATIONS

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Reinsurance/retakaful commission income	43,924	47,008

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

29 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from non-insurance businesses:				
- management fee income	81	(638)	1,337	735
- interest income from hire purchase, leasing and other credit activities	47	400	-	-
- fee income from education services	6,688	8,344	-	-
- others	378	1,355	-	-
	7,194	9,461	1,337	735

DISCONTINUED OPERATIONS (Note 35)

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Revenue from non-insurance businesses:		
- unit trust fund management fee income	-	30,124
- unit trust fund initial service fee	-	16,174
	-	46,298

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

30 OTHER OPERATING INCOME/(EXPENSES) – NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment				
- written off	(298)	(20)	(46)	(7)
- allowance for impairment loss (Note 4)	(44)	-	-	-
Bad debts recovered	94	157	-	-
(Allowance for)/write back of impairment loss on:				
- investments in subsidiaries (Note 7)	-	-	1,118	1,607
- investments in associates	-	3,666	-	(100)
- amounts due from subsidiaries (Note 7 and 13)	-	-	(570)	18,126
- AFS financial assets (Note 10)	-	(11,968)	-	(11,110)
- loans from leasing, hire purchase and others – net (Note 11)	(5,174)	1,451	-	-
Fair value gain from acquisition of bonds via Settlement Agreement	-	23,770	-	23,770
Loss on derecognition of an associate	(108)	-	-	-
Realised foreign exchange loss	(34)	(5,528)	-	1
Unrealised foreign exchange gain/(loss)	205	(265)	-	-
Income from claim liabilities waived*	16,491	-	-	-
Others	(340)	6,941	110	152
	10,792	18,204	612	32,439

*Arising from the claim liabilities hair-cut settlement completed during the current financial year by the Group's insurance subsidiary in Indonesia.

DISCONTINUED OPERATIONS (Note 35)

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Property, plant and equipment		
- written off	-	(41)
Allowance for impairment loss on:		
- AFS financial assets (Note 10)	-	(80)
Commission paid and payable to unit trust agents	-	(19,783)
Write back of/(provision for) Zurich's Counterclaims	12,500	(45,000)
Unrealised foreign exchange gain	363	-
Others	1	492
	12,864	(64,412)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

31 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

CONTINUING OPERATIONS

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000
(a) General fund			
(i) Gross benefits and claims paid	16(a)(i)	(54,045)	(44,076)
(ii) Claims ceded to reinsurers	16(a)(i)	51,243	17,430
(iii) Gross change to contract liabilities		38,619	33,775
(iv) Change in contract liabilities to reinsurers		(36,301)	(26,211)
Net insurance benefits and claims		(484)	(19,082)
(b) Life fund			
(i) Gross benefits and claims paid		-	(252)
(ii) Gross change to contract liabilities	17	489	(86)
Net insurance benefits and claims		489	(338)
(c) General takaful			
(i) Gross benefits and claims paid	16(c)(i)	(86,131)	(67,140)
(ii) Claims ceded to retakaful operators	16(c)(i)	64,922	48,210
(iii) Gross change to contract liabilities		(87,138)	(51,500)
(iv) Change in contract liabilities to retakaful operators		73,216	43,357
Net takaful benefits and claims		(35,131)	(27,073)
(d) Family takaful			
(i) Gross benefits and claims paid	16(b)	(192,031)	(151,393)
(ii) Claims ceded to retakaful operators	16(b)	5,391	10,286
(iii) Gross change to contract liabilities		(84,026)	(42,343)
(iv) Change in contract liabilities to retakaful operators		(955)	446
Net takaful benefits and claims		(271,621)	(183,004)
(e) Total			
(i) Gross benefits and claims paid		(332,207)	(262,861)
(ii) Claims ceded to reinsurers/retakaful operators		121,556	75,926
(iii) Gross change to contract liabilities		(132,056)	(60,154)
(iv) Change in contract liabilities to reinsurers/retakaful operators		35,960	17,592
Net insurance/takaful benefits and claims		(306,747)	(229,497)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

32 MANAGEMENT EXPENSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Staff costs (including Executive Directors):				
- salaries and bonus	43,952	42,351	8,027	8,162
- defined contribution retirement benefits	6,430	5,680	1,248	1,269
	50,382	48,031	9,275	9,431
Depreciation of property, plant and equipment (Note 4)	3,415	3,377	425	421
Amortisation of intangible assets (Note 6)	1,228	1,232	72	68
Amortisation of leases (Note 4)	2	-	-	-
Auditors' remuneration				
- statutory audit	542	399	103	99
- under/(over) provision in prior financial year	186	(40)	75	-
- audit related services	133	23	-	23
- non-audit related services	-	200	-	200
Auditors' remuneration payable/paid to other audit firms	93	93	-	-
Fees paid to a company in which certain Directors have an interest	331	344	193	185
(Write back) / allowance for impairment loss on trade and other receivables (Note 13)	(393)	776	43	90
Allowance for impairment loss on insurance/takaful receivables (Note 12)	6,737	7,401	-	-
Bad debts written off	-	32	-	-
Office rental	3,906	4,163	382	412
Rental of office equipment	131	42	42	37
Agency and staff training expenses	4,703	4,080	87	48
Repairs and maintenance	2,056	2,649	109	88
EDP expenses	2,411	1,842	46	67
Advertising, promotional and entertainment expenses	6,786	6,219	479	659
Motor vehicle, accommodation and travelling expenses	3,375	3,522	1,238	1,413
Printing and stationery	2,309	2,298	78	79
Postage, telephone and fax	1,019	1,235	54	46
Professional fees	3,581	4,400	360	1,169
Staff amenities	939	737	332	255
Office expenses	46	88	32	62
Electricity and water	1,091	338	46	46
Visa fees, outsourcing fees and other direct costs payable for debit cards operations	2,356	1,568	-	-
Credit card charges	1,418	1,302	-	-
Manage care organisation fees	699	1,144	-	-
Motor club expenses	1,046	811	-	-
Policy stamping fees	1,033	707	-	-
Others	10,081	13,648	2,432	2,305
	111,642	112,661	15,903	17,203

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

32 MANAGEMENT EXPENSES (continued)

DISCONTINUED OPERATIONS (Note 35)

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Staff costs (including Executive Directors):		
- salaries and bonus	-	8,979
- defined contribution retirement benefits	-	770
	-	9,749
Depreciation of property, plant and equipment (Note 4)	59	518
Amortisation of intangible assets (Note 6)	-	483
Amortisation of leases (Note 4)	23	30
Auditors' remuneration		
- statutory audit	14	39
Fees paid to a company in which certain Directors have an interest	3	26
Office rental	-	728
Rental of office equipment	-	52
Training expenses	-	320
Repairs and maintenance	39	269
EDP expenses	-	510
Advertising, promotional and entertainment expenses	-	939
Motor vehicle and travelling expenses	-	263
Printing and stationery	-	134
Postage, telephone and fax	-	290
Professional fees	8	108
Electricity and water	-	83
Fund account expenses	-	439
Management fees paid and payable to investment managers	-	5,537
Others	26	3,091
	172	23,608

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

32 MANAGEMENT EXPENSES (continued)

Remuneration and emoluments received by Directors and Chief Executive Officers of the Group and the Company during the financial year were as follows:

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- salaries	4,284	4,100	3,477	3,311
- bonus	1,024	1,195	960	1,117
- defined contribution retirement benefits	807	797	695	686
- fees	45	72	-	-
- other emoluments	15	16	-	-
- estimated monetary value of benefits-in-kind	127	132	84	87
	6,302	6,312	5,216	5,201
Non-executive Directors:				
- fees	707	803	192	225
- other emoluments	163	182	58	72
	870	985	250	297
	7,172	7,297	5,466	5,498
Chief Executive Officers:				
- salaries	2,312	2,258	1,185	1,129
- bonus	338	413	338	413
- defined contribution retirement benefits	373	375	238	238
- estimated monetary value of benefits-in-kind	70	64	39	33
	3,093	3,110	1,800	1,813

DISCONTINUED OPERATIONS

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Executive Director:		
- salaries	-	649
- bonus	-	322
- defined contribution retirement benefits	-	145
- estimated monetary value of benefits-in-kind	-	31
	-	1,147
Non-executive Directors:		
- fees	-	45
- other emoluments	-	10
	-	55
	-	1,202
Chief Executive Officer:		
- salaries	-	649
- bonus	-	322
- defined contribution retirement benefits	-	145
- estimated monetary value of benefits-in-kind	-	31
	-	1,147

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

33 FINANCE COSTS

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest on bank overdrafts	325	404	-	-

The interest rates charged for bank overdrafts are disclosed in Note 20 to the financial statements.

34 TAXATION

CONTINUING OPERATIONS

					GROUP
	Share-holders' fund	General fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2014					
Current tax	2,638	-	1,177	2,447	6,262
Deferred tax (Note 9)	(1,208)	-	(3,137)	(2,269)	(6,614)
Tax expenses/(income)	1,430	-	(1,960)	178	(352)
Current tax					
Current financial year	1,559	-	1,599	2,430	5,588
Under/(over) provision in prior financial years	1,079	-	(422)	17	674
	2,638	-	1,177	2,447	6,262
Deferred tax					
Origination and reversal of temporary differences	(1,208)	-	(3,137)	(2,269)	(6,614)
	1,430	-	(1,960)	178	(352)
2013					
Current tax	3,492	-	1,252	2,393	7,137
Deferred tax (Note 9)	(61)	478	-	444	861
Tax expenses	3,431	478	1,252	2,837	7,998
Current tax					
Current financial year	3,542	-	1,354	3,073	7,969
Over provision in prior financial years	(50)	-	(102)	(680)	(832)
	3,492	-	1,252	2,393	7,137
Deferred tax					
Origination and reversal of temporary differences	(61)	478	-	444	861
	3,431	478	1,252	2,837	7,998

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

34 TAXATION (continued)

DISCONTINUED OPERATIONS (Note 35)

	GROUP	
	Share-holders' fund	**Total**
	RM'000	**RM'000**
2014		
Current tax – current financial year	21	21
2013		
Current tax	1,208	1,208
Deferred tax	(28)	(28)
Tax expenses	1,180	1,180
Current tax		
Current financial year	1,243	1,243
Over provision in prior financial years	(35)	(35)
	1,208	1,208
Deferred tax		
Origination and reversal of temporary differences	(28)	(28)
	1,180	1,180

Tax expenses/(income) comprised the following:

					GROUP
	Share-holders' fund	**General fund**	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2014					
Continuing operations	1,430	-	(1,960)	178	(352)
Discontinued operations	21	-	-	-	21
	1,451	-	(1,960)	178	(331)
2013					
Continuing operations	3,431	478	1,252	2,837	7,998
Discontinued operations	1,180	-	-	-	1,180
	4,611	478	1,252	2,837	9,178

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

34 TAXATION (continued)

	GROUP	
	2014	**2013**
	RM'000	**RM'000**
Current tax	137	-
Deferred tax	(7)	(2)
Tax expenses/(income)	130	(2)
Current tax		
Under provision in prior financial years	137	-
Deferred tax		
Origination and reversal of temporary differences	(7)	(2)
	130	(2)

Numerical reconciliation between the average effective tax rate and the statutory tax rate:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/profit before taxation				
- Continuing operations	(2,846)	(5,487)	(2,346)	27,066
- Discontinued operations	20,308	18,483	12,500	(36,705)
	17,462	12,996	10,154	(9,639)
Tax income/(expenses) attributable to participants	1,782	(4,089)	-	-
Profit/(loss) before taxation for Shareholders' fund	19,244	8,907	10,154	(9,639)
Taxation at Malaysia statutory tax rate of 25% (2013: 25%)	4,811	2,227	2,539	(2,410)
Tax effects of:				
- expenses not deductible for tax purposes	1,891	15,477	609	14,906
- income not taxable for tax purposes	(7,181)	(24,610)	(3,404)	(13,899)
- tax losses not recognised	6,808	11,842	249	1,401
- benefits from previous year unrecognised deductible temporary differences	(5,115)	(44)	-	-
- deductible temporary differences not recognised	73	503	-	-
- effects of different tax rates in foreign jurisdictions	36	(267)	-	-
- tax (income)/expenses attributable to participants	(1,782)	4,089	-	-
- utilisation of tax losses	(951)	-	-	-
- under/(over) provision in prior financial year	1,079	(85)	137	-
- surrender of loss under group relief	-	46	-	-
Total tax (income)/expenses	(331)	9,178	130	(2)

The taxation charge in the income statement of the Group relates to income attributable to the Company and the Group's General and Shareholders' funds.

The taxation charge on the Group's General takaful fund and Family takaful fund is based on the method prescribed under the Income Tax Act, 1967.

NOTES TO THE FINANCIAL STATEMENTS

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(continued)

35 DISCONTINUED OPERATIONS

GROUP	Note	2014 RM'000	2013 RM'000
Investment income	25	3	860
Realised gains and losses – net	26	7,613	59,345
Other operating revenue from non-insurance businesses	29	-	46,298
Other operating income – net	30	12,864	-
Other revenue		20,480	106,503
Total revenue		20,480	106,503
Management expenses	32	(172)	(23,608)
Other operating expenses – net	30	-	(64,412)
Other expenses		(172)	(88,020)
Profit before taxation		20,308	18,483
Taxation	34	(21)	(1,180)
Profit for the financial year		20,287	17,303

COMPANY	Note	2014 RM'000	2013 RM'000
Realised gain from disposal of a subsidiary	38(a)	-	8,295
Write back of/(provision for) Zurich's Counterclaims	30	12,500	(45,000)
		12,500	(36,705)

The financial results of discontinued operations relate to subsidiaries that were disposed during the financial year ended 31 December 2014 as disclosed in Note 38 to the financial statements. The comparatives have been restated to include the financial results of those disposed subsidiaries.

36 DIVIDENDS

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

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

(b) a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,131,000 on 31 July 2014.

In respect of the financial year ended 31 December 2013, the Company paid an interim gross dividend of 3 sen per share, less income tax totalling RM6,848,000 on 5 July 2013.

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.

37 BASIC EARNINGS PER SHARE - GROUP

The basic earnings per ordinary share have been calculated by dividing the Group's total net profit from continuing and discontinued operations after non-controlling interests as stated below over the weighted average number of ordinary shares of the Company in issue during the financial year of 304,216,000 shares net of treasury shares (2013: 304,354,000 shares).

	2014 RM'000	2013 RM'000
Loss for the financial year from continuing operations after non-controlling interests	(4,134)	(11,326)
Profit for the financial year from discontinued operations after non-controlling interests	20,876	16,034
Profit for the financial year attributable to the owners of the Company	16,742	4,708

38 DISPOSAL OF SUBSIDIARIES

(a) On 30 September 2011, the Company and its wholly-owned subsidiary, MAA Corporation Sdn Bhd ("MAA Corp"), completed the disposal of MAA Assurance, Multioto Services Sdn Bhd, Malaysian Alliance Property Services Sdn Bhd, Maagnet Systems Sdn Bhd and Maagnet-SSMS Sdn Bhd (hereinafter collectively known as the ("Disposed Subsidiaries") to Zurich, for a total cash consideration of RM344.0 million ("the Disposal"). Following the completion of the Disposal, these companies ceased to be subsidiaries of the Group.

In the previous financial year ended 31 December 2013, the Group and the Company recorded further additional gain (net of selling expenses) of RM14.3 million and RM8.3 million respectively under the Settlement Agreement signed with Zurich as disclosed in Note 50(a) to the financial statements.

(b) On 31 December 2013, MAA Corp completed the disposal of its 55% equity interest in MAAKL Mutual Berhad ("MAAKL Mutual") for a total cash consideration of RM53.1 million.

Following the completion of the disposal, MAAKL Mutual ceased to be subsidiary of the Group.

Details of the disposal are as follows:

GROUP	**At date of disposal**
	RM'000
Property, plant and equipment	2,602
Intangible assets	4,096
Trade and other receivables	14,765
Tax recoverable	1
Cash and cash equivalents	19,473
Trade and other payables	(25,644)
Current tax liabilities	(391)
Deferred tax liabilities	(322)
Net assets	14,580
Less: Non-controlling interests	(6,561)
	8,019
Net disposal proceeds	(53,061)
Related selling expenses	2
Gain on disposal to the Group (Note 26)	(45,040)

The net cash flow on disposal was determined as follows:

Net cash received less related selling expenses	53,058
Cash and cash equivalents of disposed subsidiary	(19,473)
Cash inflow to the Group on disposal	33,585

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38 DISPOSAL OF SUBSIDIARIES (continued)

(c) On 3 July 2014, MAA Corp completed the disposal of its entire equity interest in Chelsea Parking Services Sdn Bhd ("Chelsea Parking") for a total cash consideration of RM10, as disclosed in Note 50(d) to the financial statements.

Following the completion of the disposal, Chelsea Parking ceased to be subsidiary of the Group.

Details of the disposal are as follows:

GROUP	At date of disposal RM'000
Cash and cash equivalents	22
Other payables	(21)
Current tax liabilities	(1)
Net assets	-
Net disposal proceeds	-(*)
Gain on disposal to the Group (Note 26)	-
The net cash flow on disposal was determined as follows:	
Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	(22)
Cash outflow to the Group on disposal	(22)

(*) Denotes RM10.

(d) On 2 October 2014, MAA Credit Berhad ("MAA Credit") completed the disposal of its entire equity interest in Nilam Timur Sdn Bhd ("NTSB") for a total cash consideration of RM10, as disclosed in Note 50(e) to the financial statements.

Following the completion of the disposal, NTSB ceased to be subsidiary of the Group.

Details of the disposal are as follows:

GROUP	At date of disposal RM'000
Leasehold land	2,349
AFS financial assets	620
Other payables	(3,341)
Term loan payables	(7,205)
Net liabilities	(7,577)
Net disposal proceeds	-(*)
Gain on disposal to the Group (Note 26)	(7,577)
The net cash flow on disposal was determined as follows:	
Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	-
Cash inflow to the Group on disposal	-

(*) Denotes RM10.

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38 DISPOSAL OF SUBSIDIARIES (continued)

(e) On 24 December 2014, MAA Corporate Advisory Sdn Bhd completed the disposal of its 51% equity interest in MAACA Labuan Ltd ("MAACA Labuan") for a total cash consideration of RM66,776, as disclosed in Note 50(f) to the financial statements

Following the completion of the disposal, MAACA Labuan ceased to be subsidiary of the Group.

Details of the disposal are as follows:

GROUP	**At date of disposal RM'000**
Property, plant and equipment	59
Other receivables	9
Cash and cash equivalents	18
Other payables	(5)
Current tax liabilities	(20)
Net assets	61
Less: Non-controlling interests	(30)
	31
Net disposal proceeds	(67)
Gain on disposal to the Group (Note 26)	(36)

The net cash flow on disposal was determined as follows:

Net cash received	67
Cash and cash equivalents of disposed subsidiary	(18)
Cash inflow to the Group on disposal	49

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39 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional interest in subsidiaries

On 14 April 2014, MAA Corp entered into a share sale agreement with AEC College Pte Ltd ("AEC") to acquire its 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 amounting to 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, being a wholly-owned subsidiary of MAA Corp, pursuant to the exercise of its power of attorney on 2 October 2012 and 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.

The effect of changes in the ownership interest of PTKSB and KMSB on the equity attributable to owners of the Company is as follows:

	RM'000
Carrying amount of non-controlling interests acquired	156
Consideration paid to non-controlling interests	(1,600)
Excess of consideration paid recognised in the Group's equity	(1,444)

(b) Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the financial year ended 31 December 2014

	RM'000
Acquisition of additional interests in subsidiaries	(1,444)

40 CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the date of the statement of financial position but not yet incurred is as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Office renovation	298	637	-	-

(b) Operating lease commitments

The Group and the Company lease various offices under operating lease agreements. The lease terms are between 1 and 3 years, and majority of the lease agreements are renewable at the end of the lease period at market rate. The lease expenditure (office rental) charged to the income statement during the years are disclosed in Note 32 to the financial statements.

The future aggregate lease payments under operating leases are as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
No later than 1 year	3,431	2,691	421	322
Later than 1 year and no later than 3 years	6,051	102	807	-
	9,482	2,793	1,228	322

41 SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties and relationships

The subsidiaries and associates of the Company are disclosed in Notes 7 and 8 to the financial statements respectively. The other related parties of, and their relationships with the Group and the Company are as follows:

Related party	Relationship
Melewar Equities Sdn Bhd	Substantial shareholder of the Company
Melewar Khyra Sdn Bhd	Substantial shareholder of the Company
Trace Management Services Sdn Bhd	Company controlled by certain Directors of the Company
Melewar Group Berhad	Company controlled by certain Directors of the Company
Melewar Industrial Group Berhad (“MIG”)	Company controlled by certain Directors of the Company
Melewar Integrated Engineering Sdn Bhd	A subsidiary of MIG
MAA Bancwell Trustee Berhad	An associate of the Group

Significant related party transactions

During the financial year, the Group and the Company undertook various transactions based on agreed terms and conditions with its subsidiaries, associates and other companies deemed related parties as disclosed above.

The significant related party transactions during the financial year are as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM’000	RM’000	RM’000	RM’000
Transactions with subsidiaries:				
Interest income from advances to subsidiaries	-	-	1,898	1,859
Management fee income from subsidiaries	-	-	1,274	1,411
Transactions with related parties:				
Rental income receivable from:				
Melewar Industrial Group Berhad	68	67	-	-
Melewar Equities Sdn Bhd	44	43	-	-
Trace Management Services Sdn Bhd	79	86	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	15	15	-	-
Melewar Equities Sdn Bhd	10	10	-	-
Rental charge payable to				
Melewar Integrated Engineering Sdn Bhd	(25)	(61)	(25)	(61)
Company secretarial and related fees payable to				
Trace Management Services Sdn Bhd	(334)	(370)	(193)	(185)
Transactions with associates:				
Management fee income receivable from/(payable to)				
MAA Bancwell Trustee Berhad	60	(676)	60	(676)

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41 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Related party receivables/payables

The balances with related parties at the financial year end are disclosed in Notes 13 and 19 to the financial statements.

Key management personnel

Key management personnel received remuneration for services rendered during the financial year. The key management personnel of the Group and the Company comprised the Chief Executive Officer and Executive Directors. The total compensations paid to the Group's and the Company's key management personnel are disclosed in Note 32 to the financial statements.

The financial year end balances with key management personnel were as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Amounts receivable from mortgage loan (Note 11)	-	33	-	33
Amounts due to a Director (Note 19)	-	2,022	-	-

During the financial year, the amounts receivable from mortgage loan were secured against the properties pledged, with fixed repayment terms and bearing interest at the rates ranging from 5% to 8.5% per annum (2013: 5% to 8.5% per annum). The mortgage loan was fully repaid on 23 July 2014.

The amounts due to a Director were unsecured, interest free and with no fixed terms of repayment. The amounts due were fully repaid on 22 September 2014.

42 SEGMENTAL INFORMATION

The following segment information has been prepared in accordance with MFRS 8 'Operating Segments', which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Group has seven (7) operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they employ different technology and marketing strategies. The operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee of the Company (the chief operating decision maker). The following summary describes the operations in each of the Group's operating segments:

- Life insurance - underwriting life insurance business, including investment-linked business
- General insurance – underwriting all classes of general insurance business
- Family takaful business – underwriting family takaful business
- General takaful business - underwriting general takaful business
- Shareholders' fund of the insurance and takaful businesses
- Card business - business of prepaid cards and other related cards and services
- Investment holdings

Other segments comprise hire purchase, leasing and other credit activities, property management, consultancy services and education services.

During the financial year ended 31 December 2014, the Group re-assessed its operating segments in accordance with MFRS 8.13. Based on that assessment, the Group reclassified two operations, i.e. card business and investment holdings which met the quantitative thresholds as the Group's operating segment. However, in order to conform to the current financial year's presentation of segmental information, the preceding financial year's segmental information have been restated.

Measurement and Evaluation of Segment Performance

The Executive Committee evaluates operating segments' performance on the basis of revenue and profit. Expenses directly associated with each operating segment are included in determining their respective profits. Transactions between operating segments are based on mutually agreed allocation bases. In addition to the operating segments, the segment information also discloses non inter-segment eliminations.

42 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2014

	Insurance			Takaful			Card business	Investment holdings		Other segments		Total	Inter-segment elimination	Group
	Life Insurance	General Insurance	Share-holders' fund	General Takaful	Family Takaful	Share holders' fund								
								Conti-nuing	Disconti-nued	Conti-nuing	Disconti-nued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	53	290	446	290,650	381,917	3,862	251	10,543	-	6,972	3	694,987	-	694,987
Net earned premiums/ contributions	-	107	-	67,728	361,806	-	-	-	-	-	-	429,641	-	429,641
Interest income	53	180	308	4,063	8,721	4,079	151	10,460	-	130	3	28,148	-	28,148
Allowance for impairment loss on loans from leasing, hire purchase and others – net (Note 30)	-	-	-	-	-	-	-	-	-	(5,174)	-	(5,174)	-	(5,174)
Other revenue	(137)	14,396	3,161	43,637	(16,465)	179,608	75	(7,321)	20,113	14,228	364	251,659	(165,106)	86,553
Net insurance/takaful benefits and claims	489	(484)	-	(35,131)	(271,621)	-	-	-	-	-	-	(306,747)	-	(306,747)
Write back of/(allowance for) impairment loss on trade and other receivables (Note 32)	-	-	-	562	-	-	-	(43)	-	(126)	-	393	-	393
Write back of/(allowance for) impairment loss on insurance/ takaful receivables (Note 32)	-	5,138	-	(11,070)	(805)	-	-	-	-	-	-	(6,737)	-	(6,737)
Other expenses	(222)	(2,299)	(2,414)	(72,300)	(92,806)	(171,374)	(3,014)	(17,854)	-	(8,618)	(113)	(371,014)	165,106	(205,908)
Depreciation	-	(47)	(158)	-	-	(2,481)	(16)	(630)	-	(83)	(59)	(3,474)	-	(3,474)
Amortisation	-	-	-	-	-	(1,127)	(24)	(72)	-	(5)	-	(1,228)	-	(1,228)
Finance costs	-	-	-	-	-	-	-	-	-	(325)	-	(325)	-	(325)
Profit/(loss) by segments	183	16,991	897	(2,511)	(11,170)	8,705	(2,828)	(15,460)	20,113	27	195	15,142	-	15,142
Tax income/(expenses) attributable to participants	-	-	-	1,960	(178)	-	-	-	-	-	-	1,782	-	1,782
	183	16,991	897	(551)	(11,348)	8,705	(2,828)	(15,460)	20,113	27	195	16,924	-	16,924
Share of profit of associates not included in reportable segments												2,320	-	2,320
Profit before taxation												19,244	-	19,244

NOTES TO THE FINANCIAL STATEMENTS
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42 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2013

	Insurance			Takaful			Unit trust fund mana-gement	Card business	Investment holdings		Other segments		Total	Inter-segment elimination	Group
	Life Insurance	General Insurance	Share holders' fund	General Takaful	Family Takaful	Share holders' fund									
							Disconti-nued		Conti-nuing	Disconti-nued	Conti-nuing	Disconti-nued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	150	28,360	1,334	218,803	280,476	3,884	47,155	147	6,234	-	9,667	3	596,213	(10,000)	586,213
Net earned premiums/ contributions	-	3,484	-	44,631	258,707	-	-	-	-	-	-	-	306,822	(10,000)	296,822
Interest income	150	209	671	3,025	6,588	3,886	807	146	5,930	-	101	3	21,516	-	21,516
Write back of/ (allowance for) impairment loss on investment in associates (Note 30)	-	-	-	-	-	-	-	-	3,747	-	(81)	-	3,666	-	3,666
Allowance for impairment loss on AFS financial assets (Note 30)	-	-	-	-	-	-	-	-	(11,968)	-	-	-	(11,968)	-	(11,968)
Write back of impairment loss on loans from leasing, hire purchase and others – net (Note 30)	-	-	-	-	-	-	-	-	-	-	1,451	-	1,451	-	1,451
Other revenue	479	(693)	4,173	47,411	18,535	165,047	46,315	1	26,598	59,378	12,192	-	379,436	(149,451)	229,985
Net insurance/takaful benefits and claims	(338)	(19,082)	-	(27,073)	(193,400)	-	-	-	-	-	-	-	(239,893)	10,396	(229,497)
Allowance for impairment loss on trade and other receivables (Note 32)	-	-	(197)	(579)	-	-	-	-	-	-	-	-	(776)	-	(776)
Allowance for impairment loss on insurance/takaful receivables (Note 32)	-	(4,100)	-	(1,468)	(1,833)	-	-	-	-	-	-	-	(7,401)	-	(7,401)
Other expenses	(1,320)	(7,770)	(4,574)	(63,070)	(85,726)	(152,672)	(42,076)	(2,196)	(18,525)	(45,000)	(11,957)	(165)	(435,051)	149,033	(286,018
Depreciation	-	(141)	(95)	-	-	(2,391)	(457)	(20)	(634)	-	(96)	(61)	(3,895)	-	(3,895
Amortisation	-	-	-	-	-	(1,136)	(483)	(24)	(68)	-	(4)	-	(1,715)	-	(1,715)
Finance costs	-	-	-	-	-	-	-	-	-	-	(404)	-	(404)	-	(404)
(Loss)/profit by segments	(1,029)	(28,093)	(22)	2,877	2,871	12,734	4,106	(2,093)	5,080	14,378	1,202	(223)	11,788	(22)	11,766

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42 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2013 (continued)

	Insurance					Takaful	Unit trust fund mana-gement	Card business	Investment holdings			Other segments	Total	Inter-segment elimination	Group
	Life Insurance	General Insurance	Share holders' fund	General Takaful	Family Takaful	Share holders' fund									
							Disconti-nued		Conti-nuing	Disconti-nued	Conti-nuing	Disconti-nued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Zakat	-	-	-	-	-	(295)	-	-	-	-	-	-	(295)	-	(295)
Tax expenses attributable to participants	-	-	-	(1,252)	(2,871)	-	-	-	-	-	-	-	(4,123)	34	(4,089)
	(1,029)	(28,093)	(22)	1,625	-	12,439	4,106	(2,093)	5,080	14,378	1,202	(223)	7,370	12	7,382
Share of profit of associates not included in reportable segments													1,525	-	1,525
Profit before taxation													8,895	12	8,907

NOTES TO THE FINANCIAL STATEMENTS
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42 SEGMENTAL INFORMATION (continued)

	Insurance			Takaful			Card business	Investment holdings	Other segments	Total	Inter-segment elimination	Group
	Life Insurance	General Insurance	Share holders' fund	General Takaful fund	Family Takaful fund	Share holders' fund						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014												
Segment assets	420	65,936	45,407	499,755	468,898	147,645	6,130	252,995	7,254	1,494,440	-	1,494,440
Associates												64,866
Total assets												1,559,306
31 December 2013												
Segment assets	5,891	52,285	56,492	320,575	386,290	122,043	5,287	333,221	15,466	1,297,550	-	1,297,550
Associates												61,497
Total assets												1,359,047

During the financial year ended 31 December 2014, the Group reclassified a piece of leasehold land of RM178,000 from asset classified as held for sale under other segment to property, plant and equipment.

42 SEGMENTAL INFORMATION (continued)

Geographical segments

The Group operates mainly in Malaysia. In determining the geographical segments of the Group, revenues and non-current assets are based on the geographical location of assets.

	External revenue		Non-current assets	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia				
- Continuing operations	694,606	510,604	20,854	63,475
- Discontinued operations	3	47,155	-	-
	694,609	557,759	20,854	63,475
Indonesia	290	28,360	8,058	6,483
London	-	-	6,840	6,146
Others	88	94	-	-
	694,987	586,213	35,752	76,104

43 CAPITAL MANAGEMENT

The Group's capital management underlying objective is to manage capital and to allocate capital efficiently for business growth taking into account the associated business risks to meet regulatory requirements, obligations to policyholders and the expectation of stakeholders.

The Company manages the capital of the Group to ensure that source of capital and the related costs meet the overall objectives of the capital plan. Excess capital generated from profits at the subsidiary level exceeding planned requirements is returned to the Company in the form of dividends under the Group's capital management plan.

For the insurance/takaful subsidiaries, the performance of internal capital levels against the regulatory requirements are reviewed at least quarterly by their respective management and reported to their respective Risk Management Committees and the Boards as part of capital budgeting, planning and monitoring process.

The Group and the Company's capital comprised initial ordinary share capital and retained earnings. The Group and the Company do not have any borrowings as at 31 December 2014.

The minimum Capital Adequacy Ratio ("CAR") under Risk-Based Capital Framework regulated by BNM is 130% for takaful operator. On this note, the Group's takaful subsidiary has complied with the minimum1 CAR as at 31 December 2014. Likewise, the Group's Labuan offshore insurance subsidiary has also complied with the solvency requirements of Labuan Financial Services Authority as at 31 December 2014. Nevertheless, the Group's insurance subsidiary in Indonesia did not comply with the share capital and solvency requirements of Financial Service Authority for both the financial years ended 31 December 2014 and 2013. Since the previous financial year 2013, the said subsidiary has commenced operations downsizing and liabilities settlement plan including claims hair-cut negotiations and commutation plan with reinsurance receivables. On 26 February 2014, the Board of Directors of the Company has approved in principle for the proposed liquidation of the said subsidiary in due course upon the earlier of the completion of the liabilities settlement plan of the company or the cessation of the Group's funding when the liabilities settlement plan is deemed no longer viable.

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44 RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

The Group's risk governance structure and risk reporting requirement is incorporated in the Group Risk Management Framework. The Framework explains the underlying approach and defines an on-going and consistent process for identifying, analysing, evaluating, monitoring, reporting and managing significant risks faced by the business units in the Group. It also outlines the key aspects of the risks management process and identifies the main reporting procedures.

The Board through the Group Risk Management Committee is ultimately responsible for effective risk oversight and framework within the Group. The Group Risk Management Committee determines the remit, roles, resources and structure for risk management functions to operate effectively and efficiently. The core insurance and takaful subsidiaries in the Group have their respective dedicated Risk Management teams to manage the risk management functions to comply with the applicable regulatory requirements. The Heads of Risk Management of the insurance/takaful subsidiaries report directly to their respective Risk Management Committees, and indirectly to the Group Risk Management Committee.

The Group Risk Management Framework is premised with three lines of defence that serves as the guiding principles within the Group:

1. The Business Units acting as the "first line of defence" is primarily responsible for identifying, evaluating and managing risks within their Units. The Head of Business Units are responsible to implement and execute appropriate risk mitigation action plan on a timely manner. The Business Units are responsible to ensure the execution of appropriate risk reduction action plans on a timely manner. The priority should be accorded to mitigate high and significant risks in order to ensure that their day-to-day business activities are carried out within acceptable risk level.

2. The Risk Management Department acting as the "second line of defence" conducts risk oversight and supports the risk policies and framework that is approved by the Group Risk Management Committee. The Risk Management Department facilitates in assessing the adequacy of the internal control systems.

3. The Audit Committee's key role, supported by the Internal Audit function, as the "third line of defence" provides an independent assessment of the adequacy and reliability of the risk management processes and compliance among the Business Units with the risk policies, regulatory guidelines and Group's procedures.

The Group has established within its risk management framework a structured approach to enterprise-wide risk management with risk management process which encompasses risk identification, risk evaluation, risk treatment and risk monitoring.

The Group has also established management committees in the subsidiaries where applicable to act as platform for two-way communication between the Management and the Board. The management committees are Executive Committee, Business Committee, Family Takaful Management Committee, General Takaful Management Committee, Information Technology Committee and Investment Committee. These committees are responsible for overseeing the development and assessing the effectiveness of risk management policies, reviewing risk exposure and portfolio composition and ensuring that infrastructure, resources and systems are put in place for effective risk management activities.

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45 INSURANCE/TAKAFUL RISK

The risk underlying any insurance/takaful contract is the likelihood of the insured event occurring and the uncertainty in the amount of the resulting claims. This risk is random and therefore unpredictable.

For a portfolio of insurance/takaful contracts, the principal risk that the Group faces is that claims and benefit payments exceed the amount of insurance/takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. The actual number and amount of claims and benefits will vary from year to year from the level established using statistical estimation techniques.

(I) Family takaful contracts

Family takaful contracts offered by the Group include health, group family, mortgage and investment-linked. The Group currently does not offer any takaful contracts with DPF.

Underwriting is managed through a dedicated underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks. Medical selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval. Products are reviewed by the Management Committee of the takaful subsidiary on periodic basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

The table below shows the concentration of Family takaful contract liabilities, excluding AFS reserve, by type of contract:

	31.12.2014			31.12.2013		
	Gross	**Retakaful**	**Net**	**Gross**	**Retakaful**	**Net**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Whole life	-	-	-	894	-	894
Endowment	380,590	(2,850)	377,740	319,346	(2,585)	316,761
Term	65,455	(11,685)	53,770	31,892	(12,905)	18,987
	446,045	(14,535)	431,510	352,132	(15,490)	336,642

As all of the business is derived from Malaysia, the entire Family takaful contract liabilities are in Malaysia.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

(a) Mortality Rates

Assumption is based on industry standard table – M9903

(b) Morbidity Rates

Assumption is mainly based on reinsurer rates

(c) Investment Return

Assumptions are 5.5% per annum for Participant Investment Account ("PIA") on Investment-linked, 4.5% per annum for PIA on Non-Investment linked and 3.5% per annum for Participant Risk Investment Account ("PRIA").

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(I) Family takaful contracts (continued)

Key assumptions (continued)

(d) Expenses

Assumption varies by product type as follow:

Product Type	RM per certificate
Investment –linked	83
Ordinary Family	69
Group Family	28

(e) Lapse and Surrender Rates

2% per annum is assumed for single contribution certificates

For regular contribution certificates, lapse rate varies by certificate year as follows:

	Certificate Year (%)						
Plan	1	2	3	4	5	6	7+
Takafulink	20	15	10	10	10	8	6
Takafulink Education	15	10	10	8	8	4.5	4.5
Takafulife Series	25	20	10	3.5	3.5	3.5	3.5
CancerCare	30	45	20	3.5	3.5	3.5	3.5
SmartMedic	15	40	30	25	25	25	25
Term80	25	20	10	3.5	3.5	3.5	3.5

(f) Contribution holiday for Investment-linked products

	Certificate Year (%)					
Plan	1	2	3	4	5	6+
Takafulink	4	15	10	8	5	5

(g) Discount Rate

Discount rate used is the Government Investment issue ("GII") spot rate as at date of statement of financial position.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(I) Family takaful contracts (continued)

Sensitivities (continued)

	Impact on Family takaful contract liabilities			
	Change in assumptions	Gross	Net	(Loss)/Profit before tax
	%	RM'000	RM'000	RM'000
31 December 2014				
Mortality/morbidity	+10	3,342	728	(728)
Lapse and surrender rates	+10	(66)	167	(167)
Discount rate	+1	(3,406)	(2,465)	2,465
31 December 2013				
Mortality/morbidity	+10	2,598	809	(809)
Lapse and surrender rates	+10	16	193	(193)
Discount rate	+1	(2,775)	(1,950)	1,950

*The profits are before surplus sharing or Qardhul Hassan repayment.

There is minimal impact on the Family takaful contract liabilities in relation to changes made to longevity, expenses and investment return assumptions.

(II) General insurance and General takaful contracts

Risks under General insurance and General takaful contracts usually cover a twelve-month duration. The risks inherent in General insurance and General takaful contracts are reflected in the insurance and takaful contract liabilities which include the premiums/contributions and claims liabilities, as set out under Notes 16(a) and 16(c) to the financial statements. Premiums/contributions liabilities comprise of reserves for unexpired risks, while the claims liabilities comprise of loss reserves which include provision for both outstanding claims notified and outstanding claims incurred but not reported.

The Group manages its insurance risks for General insurance and General takaful contracts by having a clearly defined framework as follow:

- Writing a balanced mix and spread of business, geographically and between classes of business;
- Underwriting strategies focused on profitable lines of business are clearly articulated to stakeholders;
- Underwriting authority limits for capacity are in place according to individual's capacity in the underwriting process;
- Mitigating insurance risks through purchase of both proportional and non-proportional reinsurance and retakaful treaties; and
- Regular monitoring of claim experience and comparing actual experience against that implied in pricing.

General Insurance Contracts

The concentration of the General insurance contracts in relation to the type of insurance contracts accepted by the Group is as summarised below:

	31.12.2014			31.12.2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fire	23,824	(3,910)	19,914	46,708	(23,128)	23,580
Motor vehicle	14	-	14	383	(14)	369
Marine Cargo, Aviation Cargo and Transit	2,183	(262)	1,921	5,377	(2,244)	3,133
Miscellaneous	6,936	(1,496)	5,440	9,831	(3,485)	6,346
	32,957	(5,668)	27,289	62,299	(28,871)	33,428
Currency translation differences	1,898	(840)	1,058	9,277	(13,098)	(3,821)
	34,855	(6,508)	28,347	71,576	(41,969)	29,607

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Insurance Contracts (continued)

Key assumptions

The risk inherent in General insurance contracts are reflected in the insurance contract liabilities which include the claims liabilities, as set out under Note 16(a) of the financial statements. Claims liabilities comprise of loss reserves which include provisions for both outstanding claims notified and outstanding claims incurred but not reported.

Outstanding claims provisions are usually established by skilled claims personnel based upon their experience and knowledge, and known facts of individual claims at hand. The ultimate cost of outstanding claims is estimated by using the Chain Ladder method which is one of the standard actuarial claims projection techniques. The main assumption underlying the technique is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, the method extrapolates the development of paid and incurred losses based upon past development patterns including the implicit underlying trends.

Thus, General insurance contract liabilities are normally determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislation changes, judicial decisions, economic conditions and claims handling procedure.

However, additional qualitative judgments are also used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates. The estimates of the General insurance contract liabilities are therefore sensitive to various factors and uncertainties and the actual future premium and claims liabilities may not develop exactly as projected and could vary significantly from initial estimates. To increase the probability that the estimates would ultimately be adequate, provisions for adverse deviations are also included in the estimates.

The Group further reduced its risk exposure through strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims. In addition, the Group enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

Sensitivities

The General insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The expected loss ratio ("ELR") is an important assumption in the Chain Ladder estimation techniques.

Increasing the ELRs by 10% yields the following impact:

		Impact on			
	Change in assumptions	**Gross liabilities**	**Net liabilities**	**Profit before tax**	**Equity**
	%	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2014					
Expected loss ratios	+10%	11	11	(11)	(8)
31 December 2013					
Expected loss ratios	+10%	2,815	348	(348)	(261)

The method used in deriving sensitivity information and significant assumptions did not change from the previous period.

45 **INSURANCE/TAKAFUL RISK** (continued)

(II) General insurance and General takaful contracts (continued)

General Insurance Contracts (continued)

Claims Development Table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each statement of financial position date, together with cumulative payments to-date.

In setting provisions for claims, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease

Gross claims development for 2014

	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(18,090)	(11,277)	(8,875)	(7,049)	(5,331)	(30)	
One year later	(29,896)	(21,362)	(30,379)	(27,754)	(13,523)	-	
Two years later	(6,514)	(7,090)	(12,160)	(15,353)	-	-	
Three years later	(7,580)	(1,485)	(33,768)	-	-	-	
Four years later	(1,066)	(2,888)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(2,888)	(33,768)	(15,353)	(13,523)	(30)	(65,562)
Currency translation differences							11,517
Gross benefits and claims paid							(54,045)

Net claims development for 2014

	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(11,845)	(6,765)	(5,326)	(6,056)	(3,405)	(13)	
One year later	(12,073)	(5,078)	(10,717)	(17,430)	(413)	-	
Two years later	(1,207)	(2,175)	(7,396)	(2,126)	-	-	
Three years later	(2,814)	(593)	(242)	-	-	-	
Four years later	(1,017)	(163)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(163)	(242)	(2,126)	(413)	(13)	(2,957)
Currency translation differences							155
Net benefits and claims paid							(2,802)

The Group used an annual average exchange rate to translate the foreign currency Indonesia Rupiah to Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Insurance Contracts (continued)

Claims Development Table (continued)

Gross claims development for 2013

	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(6,280)	(18,090)	(11,277)	(8,875)	(7,049)	(5,331)	
One year later	(11,605)	(29,896)	(21,362)	(30,379)	(27,754)	-	
Two years later	(11,350)	(6,514)	(7,090)	(12,160)	-	-	
Three years later	(157)	(7,580)	(1,485)	-	-	-	
Four years later	(540)	(1,066)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(1,066)	(1,485)	(12,160)	(27,754)	(5,331)	(47,796)
Currency translation differences							3,720
Gross benefits and claims paid							(44,076)

Net claims development for 2013

	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(5,085)	(11,845)	(6,765)	(5,326)	(6,056)	(3,405)	
One year later	(3,787)	(12,073)	(5,078)	(10,717)	(17,430)	-	
Two years later	(5,813)	(1,207)	(2,175)	(7,396)	-	-	
Three years later	(37)	(2,814)	(593)	-	-	-	
Four years later	(398)	-	-	-	-	-	
Five years later	-	-	-	-	-	-	
Six years later	-	-	-	-	-	-	
Seven years later	-	-	-	-	-	-	
Current payments to date	-	-	(593)	(7,396)	(17,430)	(3,405)	(28,824)
Currency translation differences							2,178
Net benefits and claims paid							(26,646)

The Group used an annual average exchange rate to translate the foreign currency Indonesia Rupiah to Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Takaful Contracts

The concentration of the General takaful contracts in relation to claims liabilities by the type of takaful contracts accepted is as summarised below:

	31.12.2014			31.12.2013		
	Gross RM'000	**Retakaful RM'000**	**Net RM'000**	**Gross RM'000**	**Retakaful RM'000**	**Net RM'000**
Fire	65,538	(62,583)	2,955	25,861	(24,523)	1,338
Motor vehicle	102,668	(75,146)	27,522	63,232	(46,637)	16,595
Marine Cargo, Aviation Cargo and Transit	13,494	(12,864)	630	12,191	(11,625)	566
Miscellaneous	65,539	(50,120)	15,419	58,752	(44,712)	14,040
	247,239	(200,713)	46,526	160,036	(127,497)	32,539

Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of development of claims paid and development of claims reported amounts. The methods employed also require assumptions on a seed prior estimate (for Bornhuetter-Ferguson based methods) for each accident year. For Frequency / Severity analysis, this method uses the fact that the number of claims reported is unlikely to have been affected by any changes in the claims handling process, and thus, the link ratio techniques are appropriate in determining the ultimate number of claims. Any changes in reporting, reserving or settlement process can affect the reliability of assumptions.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

Sensitivities

The General takaful claims liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and profit before tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

		Impact on General takaful contract liabilities			
	Change in assumptions %	**Gross RM'000**	**Net RM'000**	**Profit before tax RM'000**	**Profit after tax RM'000**
31 December 2014					
Average open claims	+10	24,724	4,653	(4,653)	(3,490)
Loss ratio	+10	28,681	6,773	(6,773)	(5,080)
Provision for risk of adverse deviation	+1	246	40	(40)	(31)
31 December 2013					
Average open claims	+10	16,004	3,254	(3,254)	(2,441)
Loss ratio	+10	22,577	4,510	(4,510)	(3,383)
Provision for risk of adverse deviation	+1	163	29	(29)	(22)

* The profits are before surplus sharing or Qardhul Hassan repayment.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Takaful Contracts (continued)

Claims Development Table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each statement of financial position date, together with cumulative payments to-date.

In setting provisions for claims, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

Gross General Takaful Contract Liabilities for 2014

	2007	2008	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year									
At end of accident year	96	6,816	24,168	54,138	57,359	75,801	122,509	173,322	
One year later	78	4,592	20,219	58,203	55,297	73,172	113,516	-	
Two years later	50	3,714	16,567	52,314	52,335	71,157	-	-	
Three years later	42	3,214	13,865	49,989	49,023	-	-	-	
Four years later	39	3,249	13,352	49,702	-	-	-	-	
Five years later	39	3,203	13,360	-	-	-	-	-	
Six years later	39	3,179	-	-	-	-	-	-	
Seven years later	39	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	39	3,179	13,360	49,702	49,023	71,157	113,516	173,322	
At end of accident year	-	(1,100)	(4,021)	(10,114)	(12,429)	(18,204)	(33,269)	(40,158)	
One year later	(39)	(2,807)	(9,177)	(29,052)	(34,709)	(45,537)	(67,240)	-	
Two years later	(39)	(3,035)	(10,273)	(35,595)	(39,689)	(51,451)	-	-	
Three years later	(39)	(3,076)	(12,049)	(37,091)	(43,152)	-	-	-	
Four years later	(39)	(3,089)	(12,107)	(39,485)	-	-	-	-	
Five years later	(39)	(3,092)	(12,339)	-	-	-	-	-	
Six years later	(39)	(3,092)	-	-	-	-	-	-	
Seven years later	(39)	-	-	-	-	-	-	-	
Cumulative payments to-date	(39)	(3,092)	(12,339)	(39,485)	(43,152)	(51,451)	(67,240)	(40,158)	
Gross General takaful contract liabilities	-	87	1,021	10,217	5,871	19,706	46,276	133,164	216,342
Provision for risk of adverse deviation									23,818
Pipeline business									7,079
Gross General takaful contract liabilities									247,239

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Takaful Contracts (continued)

Claims Development Table (continued)

Net General Takaful Contract Liabilities for 2014

	2007	2008	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year									
At end of accident year	39	1,640	5,655	25,190	17,488	17,661	28,155	35,176	
One year later	48	1,642	6,165	24,835	15,510	17,635	25,865	-	
Two years later	32	1,370	5,340	23,500	14,818	16,905	-	-	
Three years later	26	1,198	5,206	22,573	14,495	-	-	-	
Four years later	24	1,230	5,040	22,407	-	-	-	-	
Five years later	24	1,213	4,989	-	-	-	-	-	
Six years later	23	1,202	-	-	-	-	-	-	
Seven years later	23	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	23	1,202	4,989	22,407	14,495	16,905	25,865	35,176	
At end of accident year	-	(339)	(1,548)	(5,284)	(4,927)	(5,573)	(9,536)	(10,443)	
One year later	(23)	(1,032)	(3,831)	(14,461)	(11,260)	(12,654)	(18,208)	-	
Two years later	(23)	(1,169)	(4,285)	(18,328)	(12,480)	(14,142)	-	-	
Three years later	(23)	(1,182)	(4,511)	(19,342)	(12,846)	-	-	-	
Four years later	(23)	(1,186)	(4,587)	(19,571)	-	-	-	-	
Five years later	(23)	(1,187)	(4,599)	-	-	-	-	-	
Six years later	(23)	(1,187)	-	-	-	-	-	-	
Seven years later	(23)	-	-	-	-	-	-	-	
Cumulative payments to-date	(23)	(1,187)	(4,599)	(19,571)	(12,846)	(14,142)	(18,208)	(10,443)	
Net General takaful contract liabilities	-	15	390	2,836	1,649	2,763	7,657	24,733	40,043
Provision for risk of adverse deviation									3,768
Pineline business									2,715
Net General takaful contract liabilities									46,526

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Takaful Contracts (continued)

Claims Development Table (continued)

Gross General Takaful Contract Liabilities for 2013

	2007	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year								
At end of accident year	96	6,816	24,168	54,138	57,359	75,801	122,509	
One year later	78	4,592	20,219	58,203	55,297	73,172	-	
Two years later	50	3,714	16,567	52,314	52,335	-		
Three years later	42	3,214	13,865	49,989	-	-	-	
Four years later	39	3,249	13,352	-	-	-	-	
Five years later	39	3,203	-	-	-	-	-	
Six years later	39	-	-	-	-	-	-	
Seven years later	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	39	3,203	13,352	49,989	52,335	73,172	122,509	
At end of accident year	-	(1,100)	(4,021)	(10,114)	(12,429)	(18,204)	(33,269)	
One year later	(39)	(2,807)	(9,177)	(29,052)	(34,709)	(45,537)	-	
Two years later	(39)	(3,035)	(10,273)	(35,595)	(39,689)	-	-	
Three years later	(39)	(3,076)	(12,049)	(37,091)	-	-	-	
Four years later	(39)	(3,089)	(12,107)	-	-	-	-	
Five years later	(39)	(3,092)	-	-	-	-	-	
Six years later	(39)	-	-	-	-	-	-	
Seven years later	-	-	-	-	-	-	-	
Cumulative payments to-date	(39)	(3,092)	(12,107)	(37,091)	(39,689)	(45,537)	(33,269)	
Gross General takaful contract liabilities	-	111	1,245	12,898	12,646	27,635	89,240	143,775
Provision for risk of adverse deviation								16,261
Gross General takaful contract liabilities								160,036

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014
(continued)

45 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Takaful Contracts (continued)

Claims Development Table (continued)

Net General Takaful Contract Liabilities for 2013

	2007	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year								
At end of accident year	39	1,640	5,655	25,190	17,488	17,661	28,155	
One year later	48	1,642	6,165	24,835	15,510	17,635	-	
Two years later	32	1,370	5,340	23,500	14,818	-		
Three years later	26	1,198	5,206	22,573	-	-	-	
Four years later	24	1,230	5,040	-	-	-	-	
Five years later	24	1,213	-	-	-	-	-	
Six years later	23	-	-	-	-	-	-	
Seven years later	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	23	1,213	5,040	22,573	14,818	17,635	28,155	
At end of accident year	-	(339)	(1,548)	(5,284)	(4,927)	(5,573)	(9,536)	
One year later	(23)	(1,032)	(3,831)	(14,461)	(11,260)	(12,654)	-	
Two years later	(23)	(1,169)	(4,285)	(18,328)	(12,480)	-	-	
Three years later	(23)	(1,182)	(4,511)	(19,342)	-	-	-	
Four years later	(23)	(1,186)	(4,587)	-	-	-	-	
Five years later	(23)	(1,187)	-	-	-	-	-	
Six years later	(23)	-	-	-	-	-	-	
Seven years later	-	-	-	-	-	-	-	
Cumulative payments to-date	(23)	(1,187)	(4,587)	(19,342)	(12,480)	(12,654)	(9,536)	
Net General takaful contract liabilities	-	26	453	3,231	2,338	4,981	18,619	29,648
Provision for risk of adverse deviation								2,891
Net General takaful contract liabilities								32,539

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

46 FINANCIAL RISK

The Group is exposed to a range of financial risks through its assets, financial liabilities and insurance/takaful liabilities. In particular, the key financial risk is that in the long term the operating profits and investment returns are not sufficient to fund the obligations arising from the insurance/takaful contracts. The most important components of this financial risk are credit risk, liquidity risk, market risk which comprise of currency risk, interest rate/profit yield risk and price risk.

The Group manages these positions within an Asset Liability Management ("ALM") framework that has been developed for the insurance/ takaful subsidiaries to achieve long term investment returns in excess its obligations under insurance/takaful contracts. The key principle of the framework is to match assets to the liabilities by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained and monitored. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance/takaful liabilities. The note below explain how financial risks are managed using the categories in the Group's ALM framework. In particular, the ALM framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Credit risk is managed on a group-wide basis. The following notes are in relation to the Group's management disclosure with respect to credit risk, liquidity risk, interest rate risk, and price risk.

Credit Risk

The Group has exposure in credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is exposed to credit risk through (i) investment in cash and receivables, (ii) corporate and islamic debt securities and (iii) exposure to counterparty's reinsurance contracts. For investments in corporate and Islamic debt securities, a downgrade of credit rating or widening of credit spread may also incur financial loss. Qardhul Hassan is not a financial instrument and hence is not exposed to credit risk.

Minimum credit quality only applies to investments in corporate and islamic debt securities with a minimum rating of BBB-/BBB3 (at date of investment) provided by Malaysian Credit Rating Corporation ("MARC") and Rating Agency of Malaysia ("RAM"), respectively. The Group however intends to maintain a minimum rating of A/A2 in the overall bond portfolio under current returns objectives. The Group does not solely depend on the rating report provided but as in all credit assessments/reviews are based on publicly available issuer information together with in-house analysis based on information provided by the borrower/ issuer, peer group comparisons, industry comparisons and other quantitative tools.

Reinsurance/retakaful is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a participant reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholders/participants. The creditworthiness of reinsurers/retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group issues investment-linked investment contracts. In the investment-linked business, the holders of these contract bear the investment risks on the assets held in the investment-linked funds as the contract benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk on unit-linked financial assets.

Debtor recoverability and risk concentration monitoring are part of credit risk management which is reviewed regularly. The management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation. Allowance of doubtful debts/specific provision in made on those securities/loans (or part of remaining amount) where the level of security has been impaired.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

46 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Exposure

The table below shows the maximum exposure to credit risk for the components on the Statement of Financial Position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

GROUP

	Insurance/ takaful and Shareholders' funds	Investment -linked fund	Total
	RM'000	RM'000	RM'000
31 December 2014			
Reinsurance/retakaful assets	221,756	-	221,756
Financial assets at FVTPL:			
Unit trust*	1,946	-	1,946
Syariah-approved equity securities*	1,846	219,736	221,582
Islamic debt securities	-	87,990	87,990
Investment-linked units*	9,487	-	9,487
AFS financial assets:			
Corporate debt securities	34,647	-	34,647
Equities securities*	29,426	-	29,426
Islamic debt securities	145,097	-	145,097
Government debt securities	1,544	-	1,544
HTM financial assets:			
Malaysian Government Guarantee Financing	41,002	-	41,002
Loans and receivables:			
Loans	5,640	-	5,640
Fixed and call deposits	21,887	-	21,887
Insurance/takaful receivables	156,895	-	156,895
Trade and other receivables	51,503	1,295	52,798
Cash and cash equivalents	301,635	40,633	342,268
	1,024,311	349,654	1,373,965

* Not subject to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

46 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Exposure (continued)

GROUP

	Insurance/ takaful and Shareholders' funds	Investment -linked fund	Total
	RM'000	RM'000	RM'000
31 December 2013			
Reinsurance/retakaful assets	184,956	-	184,956
Financial assets at FVTPL:			
Corporate debt securities	-	3,961	3,961
Equities securities*	15,120	-	15,120
Unit trust*	2,033	-	2,033
Syariah-approved equity securities*	5,828	203,231	209,059
Islamic debt securities	-	48,258	48,258
Other investments*	1,511	4,350	5,861
Investment-linked units*	10,430	-	10,430
AFS financial assets:			
Corporate debt securities	35,222	-	35,222
Equities securities*	28,184	-	28,184
Islamic debt securities	141,796	-	141,796
Government debt securities	1,406	-	1,406
Malaysian Government Guarantee Financing	7,753	-	7,753
HTM financial assets:			
Malaysian Government Guarantee Financing	40,881	-	40,881
Loans and receivables:			
Loans	5,834	-	5,834
Fixed and call deposits	103,197	-	103,197
Insurance/takaful receivables	50,922	-	50,922
Trade and other receivables	106,215	1,406	107,621
Cash and cash equivalents	153,024	28,816	181,840
	894,312	290,022	1,184,334

* Not subject to credit risk.

COMPANY

	31.12.2014	31.12.2013
	RM'000	RM'000
AFS financial assets:		
Corporate debt securities	34,647	34,714
Loans and receivables:		
Loans	-	38
Fixed and call deposits	19,062	100,565
Trade and other receivables	45,847	143,776
Cash and cash equivalents	159,243	32,609
	258,799	311,702

46 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Exposure by Credit Rating

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties. AAA is the highest possible rating. Assets that all outside the range of AAA to BBB are classified as speculative grade.

GROUP

	Neither past-due nor impaired									
	AAA	**AA**	**A**	**BBB**	**Not rated**	**Not subject to credit risk**	**Investment-linked fund**	**Past due but not impaired**	**Past due and impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2014										
Reinsurance/retakaful assets	-	41,600	123,469	19,455	37,232	-	-	-	-	221,756
Financial assets at FVTPL:										
Unit trust	-	-	-	-	-	1,946	-	-	-	1,946
Syariah-approved equity securities	-	-	-	-	-	1,846	219,736	-	-	221,582
Islamic debt securities	-	-	-	-	-	-	87,990	-	-	87,990
Investment-linked units	-	-	-	-	-	9,487	-	-	-	9,487
AFS financial assets:										
Corporate debt securities	-	34,647	-	-	-	-	-	-	-	34,647
Equities securities	-	-	-	-	-	29,426	-	-	-	29,426
Islamic debt securities	49,927	90,059	-	-	5,111	-	-	-	-	145,097
Government debt securities	-	-	-	-	1,544	-	-	-	-	1,544
HTM financial assets:										
Malaysian Government Guarantee Financing	-	-	-	-	41,002	-	-	-	-	41,002
Loans and receivables:										
Loans	-	-	-	-	5,640	-	-	-	-	5,640
Fixed and call deposits	2,333	19,062	492	-	-	-	-	-	-	21,887
Insurance/takaful receivables	28	-	9,384	310	108,954	-	-	38,219	18,828	175,723
Trade and other receivables	-	-	-	-	51,503	-	1,295	-	17	52,815
Cash and cash equivalents	254,848	44,728	-	-	2,059	-	40,633	-	-	342,268
Allowance for impairment loss	-	-	-	-	-	-	-	-	(18,845)	(18,845)
	307,136	230,096	133,345	19,765	253,045	42,705	349,654	38,219	-	1,373,965

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

46 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

GROUP

	Neither past-due nor impaired									
	AAA	**AA**	**A**	**BBB**	**Not rated**	**Not subject to credit risk**	**Investment-linked fund**	**Past due but not impaired**	**Past due and impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2013										
Reinsurance/retakaful assets	-	7,685	84,622	37,005	55,644	-	-	-	-	184,956
Financial assets at FVTPL:										
Corporate debt securities	-	-	-	-	-	-	3,961	-	-	3,961
Equities securities	-	-	-	-	-	15,120	-	-	-	15,120
Unit trust	-	-	-	-	-	2,033	-	-	-	2,033
Syariah-approved equity securities	-	-	-	-	-	5,828	203,231	-	-	209,059
Islamic debt securities	-	-	-	-	-	-	48,258	-	-	48,258
Other investments	-	-	-	-	-	1,511	4,350	-	-	5,861
Investment-linked units	-	-	-	-	-	10,430	-	-	-	10,430
AFS financial assets:										
Corporate debt securities	-	-	34,714	-	508	-	-	-	-	35,222
Equities securities	-	-	-	-	-	28,184	-	-	-	28,184
Islamic debt securities	55,392	86,404	-	-	-	-	-	-	-	141,796
Government debt securities	-	-	-	-	1,406	-	-	-	-	1,406
Malaysian Government Guarantee Financing	-	-	-	-	7,753	-	-	-	-	7,753
HTM financial assets:										
Malaysian Government Guarantee Financing	-	-	-	-	40,881	-	-	-	-	40,881
Loans and receivables:										
Loans	-	-	-	-	5,834	-	-	-	-	5,834
Fixed and call deposits	1,046	100,579	472	-	1,100	-	-	-	-	103,197
Insurance/takaful receivables	-	-	-	431	13,854	-	-	36,637	12,091	63,013
Trade and other receivables	55,498	-	-	-	50,717	-	1,406	-	-	107,621
Cash and cash equivalents	67,708	82,181	392	-	2,743	-	28,816	-	-	181,840
Allowance for impairment loss	-	-	-	-	-	-	-	-	(12,091)	(12,091)
	179,644	276,849	120,200	37,436	180,440	63,106	290,022	36,637	-	1,184,334

46 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

Aged analysis of financial assets past due but not impaired

For assets to be classified as "past-due and impaired", contractual payments must be in arrears for more than six (6) months for loans, and more than 90 days for insurance receivables. In addition, full impairment was made on outstanding debts exceeding twelve months, outstanding debts with terminated status, closed accounts, commuted, winding-up under legal action, accounts written off or those served with letters of demand. This applies similarly to reinsurance assets, particularly reinsurance recoverable on outstanding claims. No collateral is held as security for any past due or impaired assets. The Group records impairment allowance for loans and receivables and insurance/takaful receivables in a separate allowance for impairment accounts.

GROUP

	> 60 days	> 120 days	Total
	RM'000	RM'000	RM'000
31 December 2014			
Insurance/takaful receivables	17,986	20,233	38,219
31 December 2013			
Insurance/takaful receivables	11,430	25,207	36,637

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties.

COMPANY

	Neither past-due nor impaired			
	AAA to AA	A	Not rated	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2014				
AFS financial assets:				
Corporate debt securities	-	34,647	-	34,647
Loan and receivables:				
Fixed and call deposits	19,062	-	-	19,062
Trade and other receivables	-	-	45,847	45,847
Cash and cash equivalents	159,240	-	3	159,243
	178,302	34,647	45,850	258,799
31 December 2013				
AFS financial assets:				
Corporate debt securities	-	34,714	-	34,714
Loan and receivables:				
Loans	-	-	38	38
Fixed and call deposits	100,565	-	-	100,565
Trade and other receivables	55,498	-	88,278	143,776
Cash and cash equivalents	32,606	-	3	32,609
	188,669	34,714	88,319	311,702

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(continued)

46 FINANCIAL RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. This situation arises when the Group is unable to convert its financial assets into cash when needed. Demands for funds can usually be met through ongoing normal operations, premiums/contributions received, sale of assets or borrowings through committed credit facilities from bankers. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and an adequate cushion in the form of cash and very liquid investments are maintained at all times. The projected cash flow from the in-force insurance/takaful contract liabilities consist of renewal premiums/contributions, commissions, claims, maturities and surrenders. Renewal premiums/contributions, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existing of surrender penalty in Life insurance/Family takaful contracts also protects the Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

In addition, for General insurance/ takaful contracts, the Group's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate drawdown of funds to meet claims payments should claims events exceed a certain amount.

Maturity Profile

The table below summarises the maturity profile of the Group's financial liabilities based on outstanding terms to maturity still remaining.

The insurance/takaful contract liabilities below are gross of reinsurance (no reinsurance credit is taken into account). Unit-linked liabilities are repayable or transferrable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately. Products which have no maturity benefits such as term assurance and yearly renewable plans are excluded as there carry no maturity values. Products with no maturity dates are annuity and whole life plans.

Unearned premiums/contributions and the reinsurers'/retakaful operators' share of unearned premiums/contributions have been excluded from the analysis as they are not contractual obligations.

46 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

	Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Investment-linked fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014									
Reinsurance/retakaful assets	221,756	158,768	48,438	4,211	1,300	9,039	-	-	221,756
Financial assets at FVTPL:									
Unit trust	1,946	-	-	-	-	-	1,946	-	1,946
Syariah-approved equity securities	221,582	-	-	-	-	-	1,846	219,736	221,582
Islamic debt securities	87,990	-	-	-	-	-	-	87,990	87,990
Investment-linked units	9,487	-	-	-	-	-	9,487	-	9,487
AFS financial assets:									
Corporate debt securities	34,647	3,074	39,333	-	-	-	-	-	42,407
Equities securities	29,426	-	-	-	-	-	29,426	-	29,426
Islamic debt securities	145,097	-	-	15,327	134,339	77,580	-	-	227,246
Government debt securities	1,544	-	-	-	929	615	-	-	1,544
HTM financial assets:									
Malaysian Government Guarantee Financing	41,002	-	-	-	47,280	19,756	-	-	67,036
Loans and receivables:									
Loans	5,640	5,617	19	6	-	-	-	-	5,642
Fixed and call deposits	21,887	22,203	-	-	-	-	-	-	22,203
Insurance/takaful receivables	156,895	156,895	-	-	-	-	-	-	156,895
Trade and other receivables	52,798	51,503	-	-	-	-	-	1,295	52,798
Cash and cash equivalents	342,268	305,293	-	-	-	-	-	40,633	345,926
	1,373,965	703,353	87,790	19,544	183,848	106,990	42,705	349,654	1,493,884
Insurance contract liabilities	153,844	153,844	-	-	-	-	-	-	153,844
Takaful contract liabilities	693,284	586,738	61,216	5,420	3,386	36,524	-	-	693,284
Insurance/takaful payables	209,677	209,677	-	-	-	-	-	-	209,677
Trade and other payables	57,543	57,543	-	-	-	-	-	-	57,543
	1,114,348	1,007,802	61,216	5,420	3,386	36,524	-	-	1,114,348

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

46 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

	Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Investment-linked fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2013									
Reinsurance/retakaful assets	184,956	165,889	10,021	140	493	8,413	-	-	184,956
Financial assets at FVTPL:									
Corporate debt securities	3,961	-	-	-	-	-	-	3,961	3,961
Equities securities	15,120	-	-	-	-	-	15,120	-	15,120
Unit trust	2,033	-	-	-	-	-	2,033	-	2,033
Syariah-approved equity securities	209,059	-	-	-	-	-	5,828	203,231	209,059
Islamic debt securities	48,258	-	-	-	-	-	-	48,258	48,258
Other investments	5,861	-	-	-	-	-	1,511	4,350	5,861
Investment-linked units	10,430	-	-	-	-	-	10,430	-	10,430
AFS financial assets:									
Corporate debt securities	35,222	3,590	42,465	-	-	-	-	-	46,055
Equities securities	28,184	-	-	-	-	-	28,184	-	28,184
Islamic debt securities	141,796	-	-	9,888	126,984	89,289	-	-	226,161
Government debt securities	1,406	-	-	-	531	875	-	-	1,406
Malaysian Government Guarantee Financing	7,753	-	-	-	10,000	-	-	-	10,000
HTM financial assets:									
Malaysian Government Guarantee Financing	40,881	-	-	-	39,586	29,273	-	-	68,859
Loans and receivables:									
Loans	5,834	5,783	46	13	-	-	-	-	5,842
Fixed and call deposits	103,197	104,333	-	-	-	-	-	-	104,333
Insurance/takaful receivables	50,922	50,922	-	-	-	-	-	-	50,922
Trade and other receivables	107,621	67,518	38,697	-	-	-	-	1,406	107,621
Cash and cash equivalents	181,840	156,758	-	-	-	-	-	28,816	185,574
	1,184,334	554,793	91,229	10,041	177,594	127,850	63,106	290,022	1,314,635
Insurance contract liabilities	71,691	71,691	-	-	-	-	-	-	71,691
Takaful contract liabilities	512,233	449,349	12,402	215	1,540	48,727	-	-	512,233
Financial liabilities	4,715	4,715	-	-	-	-	-	-	4,715
Insurance/takaful payables	111,070	111,070	-	-	-	-	-	-	111,070
Trade and other payables	104,981	101,350	-	-	-	-	-	3,631	104,981
	804,690	738,175	12,402	215	1,540	48,727	-	3,631	804,690

46 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

COMPANY

	Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014								
AFS financial assets:								
Corporate debt securities	34,647	3,074	39,333	-	-	-	-	42,407
Loans and receivables:								
Fixed and call deposits	19,062	19,308	-	-	-	-	-	19,308
Trade and other receivables	45,847	45,847	-	-	-	-	-	45,847
Cash and cash equivalents	159,243	159,247	-	-	-	-	-	159,247
	258,799	227,476	39,333	-	-	-	-	266,809
Trade and other payables	2,184	2,184	-	-	-	-	-	2,184
31 December 2013								
AFS financial assets:								
Corporate debt securities	34,714	3,082	42,465	-	-	-	-	45,547
Loans and receivables:								
Loans	38	38	-	-	-	-	-	38
Fixed and call deposits	100,565	101,636	-	-	-	-	-	101,636
Trade and other receivables	143,776	124,376	19,400	-	-	-	-	143,776
Cash and cash equivalents	32,609	32,613	-	-	-	-	-	32,613
	311,702	261,745	61,865	-	-	-	-	323,610
Trade and other payables	46,971	46,971	-	-	-	-	-	46,971

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46 FINANCIAL RISK (continued)

Market Risk

Market risk is the risk of loss in the valuation of the Group's investments due to adverse changes or volatility of prices in economic and financial markets. Market risk comprises three (3) types of risk i.e. currency risk, market interest rates/profit yields and price risk.

The Group manages market risks through setting of investment policy and asset allocation, approving portfolio limit structure and risk management methodologies, approving hedging and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with the Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework.

The Group also issues investment-linked investment policies in a number of its products. In the investment-linked business, the holders of these contracts bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of the assets in the funds.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has overseas subsidiary and associates that operate in Indonesia, Philippines and Australia whose revenue and expenses are denominated in Indonesian Rupiah, United States Dollar, Peso and Australia Dollar respectively. It also has subsidiaries that operate in Labuan whose revenue and expenses are denominated mainly in United States Dollar. In order to protect the Group's exposure to the exchange rate movements of the foreign currencies against Ringgit Malaysia, the Group finances its net investments in the foreign subsidiary and associates by means of composition of Ringgit Malaysia and United States Dollar denominated funds based on assessment of the exchange rate exposure.

The Group's exposure to transactional foreign exchange risk is monitored on an ongoing basis through regular stress testing. The Group does not hedge its foreign currency risk.

The Group's financial assets are also primarily denominated in the same currency as its insurance/takaful contract liabilities as required under the applicable regulatory requirements. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance/takaful contract liabilities are expected to be settled.

The Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year. The impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant concentration of foreign currency risk.

Interest/Profit Rate Risk

Interest/profit rate risk is part of market risk as any adverse movements in interest/profit rates may affect the Group's investment fair valuation and reinvestment issues. The Group's Investment Committees of the insurance subsidiaries actively monitor such developments as well as discuss changes in maturity profiles of the assets and liabilities to minimise overall mismatch given the long duration of policy liabilities and the uncertainty of cash flows, it is not possible to hold assets that will perfectly match the policy liabilities.

The Group has no significant concentration of interest/profit rate risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on Equity (that reflects adjustments to Profit before Tax and re-valuing fixed rate/yield AFS financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on interest/profit rate risk but to demonstrate the impact due to changes in variables, variables had to be changed in an individual basis. It should be noted that movements in these variables are non-linear.

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31 DECEMBER 2014
(continued)

46 FINANCIAL RISK (continued)

Market Risk (continued)

Interest/Profit Rate Risk (continued)

	Impact on profit before taxation		Impact on equity*	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
GROUP				
Interest/Profit Rate				
+ 100 basis points	3,064	2,239	(3,316)	(4,632)
- 100 basis points	(3,064)	(2,239)	3,623	5,356
COMPANY				
Interest/Profit Rate				
+100 basis points	1,782	1,330	602	214
- 100 basis points	(1,782)	(1,330)	(929)	(241)

* Impact on equity reflects adjustments for tax, when applicable.

The above excluded the potential impacts from overseas subsidiaries which are deemed insignificant as the said subsidiaries' AFS financial assets are not material.

The method used for deriving sensitivity information and significant variables did not change from previous year.

Price Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The equity investment portfolio of the Group is exposed to movements in equity markets. The Group monitors its equity price risk through regular stress testing. In addition, the Group monitors and manages the equity exposure against policies set and agreed by the Investment Committees of the insurance subsidiaries. These policies include monitoring the equity exposure against benchmark set and also single security exposure of the portfolio against the limits set. The Group uses historical stock betas, index levels and equity prices and estimates the volatility and correlation of each of these share prices and index levels to calculate the gains and losses that could occur over a period of time, given a certain index level.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on Profit before Tax (due to changes in fair value of financial assets and liabilities whose changes in fair values are recorded in Income Statement) and Equity (that reflects adjustments to Profit before Tax and changes in fair value of AFS financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

GROUP	Impact on profit before taxation		Impact on equity*	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Change in variables				
FTSE Bursa Malaysia				
- FBM KLCI +15% - gain	1,117	5,331	837	3,999
- FBM KLCI -15% - loss	(1,117)	(5,331)	(837)	(3,999)

The potential impacts arising from other market indices and overseas subsidiaries are deemed insignificant as the Group's holdings in equity securities listed in other bourses are not material.

* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from previous year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

47 OPERATIONAL RISK

Operational risk arises from inadequate or failed performance of business functions or internal processes. Exposure to this risk can cause deficiencies or breakdowns in internal controls or processes, technology and external events such as interruption of business operations due to a breakdown of IT systems, landslide or flood.

The Group has developed comprehensive operating policies and procedures manuals to enable all business units to implement, measure, monitor and control the risks in order to avoid or reduce losses. Furthermore, the Group's Risk Management and Internal Audit Department facilitates business units to review and ensure the current procedures adhere to all rules and regulations.

48 COMPLIANCE RISK

Compliance risk is the risk arising from violations of, or non conformance with business principles, internal policies and procedures, related laws, rules and regulations governing the Group's products and activities.

Consequently, the exposure to this risk can damage the Group's reputation, lead to legal or regulatory sanctions and/or financial loss.

The Group has established a Compliance Framework to ensure that the companies within the Group are in compliance with all laws and regulatory requirements. The Audit Committee and the Board have oversight of the Group's compliance matters through the Compliance Framework implemented by the Group's Compliance Department. In addition, the core regulated subsidiaries in the Group have their respective dedicated compliance and/or governance terms to manage the compliance functions to ensure its process and internal policies and procedures comply with the applicable laws and guidelines issued by the regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS

Statement of Financial Position by Funds as at 31 December 2014

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	17,245	52	-	-	-	17,297
Investment properties	14,846	-	-	-	-	14,846
Intangible assets	3,584	-	-	-	-	3,584
Associates	64,866	-	-	-	-	64,866
Deferred tax assets	-	-	-	3,213	607	3,820
Tax recoverable	955	35	-	249	19	1,258
Reinsurance/retakaful assets	-	6,509	-	280,382	14,535	301,426
Investments	161,649	2,054	-	65,956	370,589	600,248
Financial assets at FVTPL	13,279	-	-	-	307,726	321,005
AFS financial assets	122,809	1,562	-	49,122	37,221	210,714
HTM financial assets	-	-	-	15,366	25,636	41,002
Loans and receivables	25,561	492	-	1,468	6	27,527
Insurance/takaful receivables	-	56,402	-	97,819	2,674	156,895
Trade and other receivables	47,432	57	-	4,014	1,295	52,798
Cash and cash equivalents	213,720	827	420	48,122	79,179	342,268
Total assets	524,297	65,936	420	499,755	468,898	1,559,306
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	34,857	-	366,291	445,980	847,128
Deferred tax liabilities	911	-	-	-	-	911
Insurance/takaful payables	-	84,243	-	119,126	6,308	209,677
Trade and other payables	39,552	316	410	8,249	9,016	57,543
Current tax liabilities	40	10	-	-	-	50
Total liabilities	40,503	119,426	410	493,666	461,304	1,115,309
Equity						
Share capital	304,354	-	-	-	-	304,354
Treasure share	(1,312)	-	-	-	-	(1,312)
Retained earnings	125,744	-	-	(551)	(11,348)	113,845
Reserves	7,024	-	-	-	-	7,024
Total equity attributable to the owners of the Company	435,810	-	-	(551)	(11,348)	423,911
Non-controlling interests	20,086	-	-	-	-	20,086
Total equity	455,896	-	-	(551)	(11,348)	443,997
Total equity, policyholders' funds and liabilities	496,399	119,426	410	493,115	449,956	1,559,306
Inter-fund balances	27,898	(53,490)	10	6,640	18,942	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Statement of Financial Position by Funds as at 31 December 2013

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	21,714	129	-	-	-	21,843
Investment properties	12,500	-	-	-	-	12,500
Intangible assets	3,007	-	-	-	-	3,007
Associates	61,497	-	-	-	-	61,497
Deferred tax assets	-	-	-	47	-	47
Tax recoverable	2,740	33	-	-	-	2,773
Reinsurance/retakaful assets	-	41,972	-	200,362	15,490	257,824
Investments	267,717	1,907	3,961	62,397	323,013	658,995
Financial assets at FVTPL	34,922	-	3,961	-	255,839	294,722
AFS financial assets	125,525	1,424	-	45,778	41,634	214,361
HTM financial assets	-	-	-	15,365	25,516	40,881
Loans and receivables	107,270	483	-	1,254	24	109,031
Insurance/takaful receivables	-	6,706	-	37,940	6,276	50,922
Trade and other receivables	105,181	201	63	407	1,769	107,621
Cash and cash equivalents	119,472	1,337	1,867	19,422	39,742	181,840
Assets classified as held for sale	178	-	-	-	-	178
Total assets	594,006	52,285	5,891	320,575	386,290	1,359,047
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	71,691	-	254,065	352,196	677,952
Investment contract liabilities	-	-	4,082	-	-	4,082
Deferred tax liabilities	2,282	-	-	-	1,689	3,971
Insurance/takaful payables	-	57,778	-	50,848	2,444	111,070
Trade and other payables	83,280	2,655	285	9,805	8,956	104,981
Borrowings						
- Bank overdrafts (unsecured)	4,715	-	-	-	-	4,715
Current tax liabilities	366	40	-	173	1,081	1,660
Total liabilities	90,643	132,164	4,367	314,891	366,366	908,431
Equity						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	116,594	-	-	-	-	116,594
Reserves	10,448	-	-	-	-	10,448
Total equity attributable to the owners of the Company	431,396	-	-	-	-	431,396
Non-controlling interests	19,220	-	-	-	-	19,220
Total equity	450,616	-	-	-	-	450,616
Total equity, policyholders' funds and liabilities	541,259	132,164	4,367	314,891	366,366	1,359,047
Inter-fund balances	52,747	(79,879)	1,524	5,684	19,924	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Income Statement by Funds for the financial year ended 31 December 2014

Continuing operations

	Shareholders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/ contributions	-	110	-	286,810	367,560	-	654,480
Premiums/contributions ceded to reinsurers/retakaful operators	-	(3)	-	(219,082)	(5,754)	-	(224,839)
Net earned premiums/ contributions	-	107	-	67,728	361,806	-	429,641
Investment income	14,880	180	53	3,840	14,357	-	33,310
Realised gains and losses – net	796	56	-	(64)	21,378	-	22,166
Fair value gains and losses – net	347	-	(389)	-	(28,297)	-	(28,339)
Fee and commission income	-	-	-	43,924	-	-	43,924
Other operating revenue from non-insurance businesses	7,194	-	-	-	-	-	7,194
Other operating income/ (expenses) – net	11,382	14,340	252	-	(15,182)	-	10,792
Surplus sharing from Family takaful	11,000	-	-	-	-	(11,000)	-
Wakalah fee from takaful business	154,106	-	-	-	-	(154,106)	-
Other revenue	199,705	14,576	(84)	47,700	(7,744)	(165,106)	89,047
Total revenue	199,705	14,683	(84)	115,428	354,062	(165,106)	518,688
Gross benefits and claims paid	-	(54,045)	-	(86,131)	(192,031)	-	(332,207)
Claims ceded to reinsurers/ retakaful operators	-	51,243	-	64,922	5,391	-	121,556
Gross change to contract liabilities	-	38,619	489	(87,138)	(84,026)	-	(132,056)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(36,301)	-	73,216	(955)	-	35,960
Net insurance/takaful benefits and claims	-	(484)	489	(35,131)	(271,621)	-	(306,747)
Fee and commission expenses	(102,615)	-	-	-	-	-	(102,615)
Management expenses	(102,899)	2,792	(222)	(10,508)	(805)	-	(111,642)
Expense liabilities	(2,525)	-	-	-	-	-	(2,525)
Surplus sharing with Shareholders' fund	-	-	-	-	(11,000)	11,000	-
Wakalah fees payable to Shareholders' fund	-	-	-	(72,300)	(81,806)	154,106	-
Finance costs	(325)	-	-	-	-	-	(325)
Other expenses	(208,364)	2,792	(222)	(82,808)	(93,611)	165,106	(217,107)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Income Statement by Funds for the financial year ended 31 December 2014 (continued)

Continuing operations (continued)

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Share of profit of associates, net of tax	2,320	-	-	-	-	-	2,320
(Loss)/profit before zakat	(6,339)	16,991	183	(2,511)	(11,170)	-	(2,846)
Zakat	-	-	-	-	-	-	-
	(6,339)	16,991	183	(2,511)	(11,170)	-	(2,846)
Tax income/(expenses) attributable to participants	-	-	-	1,960	(178)	-	1,782
(Loss)/profit before taxation for Shareholders' fund	(6,339)	16,991	183	(551)	(11,348)	-	(1,064)
Taxation	(1,430)	-	-	1,960	(178)	-	352
Tax (income)/expenses attributable to participants	-	-	-	(1,960)	178	-	(1,782)
Tax expenses attributable to Shareholders' fund	(1,430)	-	-	-	-	-	(1,430)
(Loss)/profit for the financial year	(7,769)	16,991	183	(551)	(11,348)	-	(2,494)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Income Statement by Funds for the financial year ended 31 December 2013

Continuing operations

	Share-holders' fund	**General fund**	**Life fund**	**General takaful fund**	**Family takaful fund**	**Inter-fund elimination**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gross earned premiums/ contributions	-	28,151	-	215,757	268,162	(10,000)	502,070
Premiums/contributions ceded to reinsurers/retakaful operators	-	(24,667)	-	(171,126)	(9,455)	-	(205,248)
Net earned premiums/ contributions	-	3,484	-	44,631	258,707	(10,000)	296,822
Investment income	11,805	209	150	3,046	12,314	-	27,524
Realised gains and losses – net	6,896	30	112	874	15,765	-	23,677
Fair value gains and losses – net	2,697	-	261	-	9,745	(430)	12,273
Fee and commission income	-	492	-	46,516	-	-	47,008
Other operating revenue from non-insurance businesses	9,461	-	-	-	-	-	9,461
Other operating income/ (expenses) – net	32,014	(1,215)	106	-	(12,701)	-	18,204
Surplus sharing from Family takaful	7,250	-	-	-	-	(7,250)	-
Wakalah fee from takaful business	141,546	-	-	-	-	(141,546)	-
Other revenue	211,669	(484)	629	50,436	25,123	(149,226)	138,147
Total revenue	211,669	3,000	629	95,067	283,830	(159,226)	434,969
Gross benefits and claims paid	-	(44,076)	(252)	(67,140)	(151,393)	-	(262,861)
Claims ceded to reinsurers/ retakaful operators	-	17,430	-	48,210	10,286	-	75,926
Gross change to contract liabilities	-	33,775	(86)	(51,500)	(52,739)	10,396	(60,154)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(26,211)	-	43,357	446	-	17,592
Net insurance/takaful benefits and claims	-	(19,082)	(338)	(27,073)	(193,400)	10,396	(229,497)
Fee and commission expenses	(97,168)	(1,162)	-	-	-	-	(98,330)
Management expenses	(96,612)	(10,849)	(1,320)	(2,047)	(1,833)	-	(112,661)
Expense liabilities	(794)	-	-	-	-	-	(794)
Surplus sharing with Shareholders' fund	-	-	-	-	(7,250)	7,250	-
Wakalah fees payable to Shareholders' fund	-	-	-	(63,070)	(78,476)	141,546	-
Finance costs	(404)	-	-	-	-	-	(404)
Other expenses	(194,978)	(12,011)	(1,320)	(65,117)	(87,559)	148,796	(212,189)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Income Statement by Funds for the financial year ended 31 December 2013

Continuing operations (continued)

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share of profit of associates, net of tax	1,525	-	-	-	-	-	1,525
Profit/(loss) before zakat	18,216	(28,093)	(1,029)	2,877	2,871	(34)	(5,192)
Zakat	(295)	-	-	-	-	-	(295)
	17,921	(28,093)	(1,029)	2,877	2,871	(34)	(5,487)
Tax expenses attributable to participants	-	-	-	(1,252)	(2,871)	34	(4,089)
Profit/(loss) before taxation or Shareholders' fund	17,921	(28,093)	(1,029)	1,625	-	-	(9,576)
Taxation	(3,431)	(478)	-	(1,252)	(2,871)	34	(7,998)
Tax expenses attributable to participants	-	-	-	1,252	2,871	(34)	4,089
Tax expenses attributable to Shareholders' fund	(3,431)	(478)	-	-	-	-	(3,909)
Profit/(loss) for the financial year	14,490	(28,571)	(1,029)	1,625	-	-	(13,485)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Income Statement by Funds for the financial year ended 31 December 2014

Discontinued operations

	Shareholders' fund	Total
	RM'000	RM'000
Investment income	3	3
Realised gains and losses	7,613	7,613
Other operating income - net	12,864	12,864
Other revenue	20,480	20,480
Total revenue	20,480	20,480
Management expenses	(172)	(172)
Other expenses	(172)	(172)
Profit before taxation	20,308	20,308
Taxation	(21)	(21)
Profit for the financial year	20,287	20,287

Income Statement by Funds for the financial year ended 31 December 2013

Discontinued operations

	Shareholders' fund	Total
	RM'000	RM'000
Investment income	860	860
Realised gains and losses	59,345	59,345
Other operating revenue from non-insurance businesses	46,298	46,298
Other revenue	106,503	106,503
Total revenue	106,503	106,503
Management expenses	(23,608)	(23,608)
Other operating expenses - net	(64,412)	(64,412)
Other expenses	(88,020)	(88,020)
Profit before taxation	18,483	18,483
Taxation	(1,180)	(1,180)
Profit for the financial year	17,303	17,303

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

49 INSURANCE FUNDS (continued)

Information on cash flow by Funds

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014						
Cash flows from:						
Operating activities	34,520	(580)	(1,447)	28,914	39,419	100,826
Investing activities	78,075	70	-	(214)	18	77,949
Financing activities	(7,627)	-	-	-	-	(7,627)
Net increase/(decrease) in cash and cash equivalents	104,968	(510)	(1,447)	28,700	39,437	171,148
Currency translation differences	(6,005)	-	-	-	-	(6,005)
Cash and cash equivalents at beginning of financial year	114,757	1,337	1,867	19,422	39,742	177,125
Cash and cash equivalents at end of financial year	213,720	827	420	48,122	79,179	342,268
31 December 2013						
Cash flows from:						
Operating activities	111,239	(438)	94	10,599	(12,402)	109,092
Investing activities	(74,532)	922	-	(1,254)	(24)	(74,888)
Net increase/(decrease) in cash and cash equivalents	36,707	484	94	9,345	(12,426)	34,204
Currency translation differences	8,962	-	-	-	-	8,962
Cash and cash equivalents at beginning of financial year	69,088	853	1,773	10,077	52,168	133,959
Cash and cash equivalents at end of financial year	114,757	1,337	1,867	19,422	39,742	177,125

50 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

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

(b) 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.

(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 its 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014
(continued)

51 DISCLOSURE OF REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad ("Bursa Securities").

	GROUP		COMPANY	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings:				
Realised	109,455	106,656	55,155	63,400
Unrealised	(78)	19,914	(122)	(129)
	109,377	126,570	55,033	63,271
Total share of accumulated profits/(losses) from associates:				
- Realised	(6,131)	(5,175)	-	-
- Unrealised	8,283	5,007	-	-
	2,152	(168)	-	-
	111,529	126,402	55,033	63,271
Less: Consolidation adjustments	2,316	(9,808)	-	-
Total retained earnings	113,845	116,594	55,033	63,271

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Securities and should not be used for any other purpose.

LIST OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2015

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held	% of Issued Capital (N1)
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ("TY") *Indirect Interest*	105,777,084	35.26#
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY") *Indirect Interest*	105,777,084	35.26*
Khyra Legacy Berhad ("Khyra") *Indirect Interest*	105,777,084	35.26#
Iternum Melewar Sdn Bhd ("IMSB") *Indirect Interest*	105,777,084	35.26+
Melewar Equities Sdn Bhd ("MESB") *Direct Interest*	38,513,030	12.84#
Melewar Khyra Sdn Bhd ("MKSB") *Direct Interest*	40,326,110	13.44#
Melewar Equities (BVI) Ltd *Direct Interest*	26,937,944	8.98#

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name	Direct	% (N1)	Indirect	% (N1)
TY	-	-	105,777,084	35.26#
TYY	-	-	105,777,084	35.26*
Tan Sri Ahmad bin Mohd Don	2,055,000**	0.68	-	-
Tan Sri Datuk Seri Razman Md Hashim	150,000	0.05	-	-
Yeo Took Keat	80,000	0.03	-	-

Notes:

N1 *The percentages of substantial and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of ordinary shares in issue, excluding 4,343,700 Treasury Shares held by the Company.*

\# *Deemed interested by virtue of TY being the founder and ultimate beneficial owner of Khyra, a public company limited by guarantee and being the holding company of MESB, Melewar Equities (BVI) Ltd and MKSB.*

\+ *IMSB is deemed interested in the Company by virtue of it being the holding company of MESB who in turn is the holding company of MKSB. MESB and MKSB are substantial shareholders of the Company.*

* *Under Section 6A(4) of the Companies Act 1965, TYY is deemed interested in Khyra's deemed interest in the Company by virtue of his family relationship with TY.*

** *1,575,000 shares are registered in the name of CIMSEC Nominees (Tempatan) Sdn Bhd and the balance of 480,000 shares are registered in the name of Tan Sri Ahmad bin Mohd Don.*

STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2015

Authorised Capital	RM500,000,000
Issued and Paid-up Capital	RM304,353,752
Class of Shares	Ordinary Shares of RM1.00 each
Total Number of Shares Issued	304,353,752
Number of Shareholders	6,805

Breakdown of shareholdings

Size Of Holdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 - 99	253	3.72	9,441	0.00
100 - 1000	830	12.20	630,866	0.21
1001 - 10000	3,737	54.92	18,983,248	6.24
10001 - 100000	1,727	25.38	58,347,018	19.17
100001 and below 5%	255	3.75	120,606,095	39.63
5% and above	3	0.04	105,777,084	34.75
TOTAL	**6,805**	**100.00**	**304,353,752**	**100.00**

List of Top Thirty Shareholders

No.	Name	No. Of Shares Held	% Of Issued Capital (N1)
1	Melewar Khyra Sdn Bhd	40,326,110	13.44
2	Melewar Equities Sdn Bhd	38,513,030	12.84
3	Melewar Equities (BVI) Ltd	26,937,944	8.98
4	Affin Hwang Nominees (Asing) Sdn Bhd *Beneficiary : UOB Kay Hian Pte Ltd For Bradford Securities Ltd*	5,406,900	1.80
5	UOB Kay Hian Nominees (Asing) Sdn Bhd *Beneficiary : Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)*	5,282,575	1.76
6	Maybank Nominees (Asing) Sdn Bhd *Beneficiary : Exempt an for DBS Bank Limited (Client A/C)*	5,129,100	1.71
7	Lee Kek Ming	3,000,000	1.00
8	Ng Long Tiang	3,000,000	1.00
9	Ong Wan Chin	2,940,000	0.98
10	Lin Thean Fatt	2,792,000	0.93
11	Siva Kumar A/L M Jeyapalan	2,624,800	0.87
12	Maybank Securities Nominees (Asing) Sdn Bhd *Beneficiary : Maybank Kim Eng Securities Pte Ltd For Kegani Pacific Ltc Fund L.P.*	2,608,400	0.87

STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2015

(continued)

List of Top Thirty Shareholders (continued)

No.	Name	No. Of Shares Held	% Of Issued Capital (N1)
13	Public Nominees (Tempatan) Sdn Bhd *Beneficiary: Pledged Securities Account For Lim Chou Bu (E-KPG)*	2,450,000	0.82
14	Michael Ooi Chung Ghee	1,904,000	0.63
15	HSBC Nominees (Asing) Sdn Bhd *Beneficiary : Exempt an for UBS AG (Client Assets)*	1,700,000	0.57
16	Loh Kah Wai	1,700,000	0.57
17	CIMSEC Nominees (Tempatan) Sdn Bhd *Beneficiary : CIMB For Ahmad Bin Mohd Don (PB)*	1,575,000	0.52
18	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Law Yoke Kuan (E-KPG)*	1,525,400	0.51
19	HSBC Nominees (Asing) Sdn Bhd *Beneficiary : BBH and CO Boston for Bank Morgan Stanley AG Zurich*	1,367,800	0.46
20	Kenanga Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Goh Tai Siang*	1,364,200	0.46
21	Loh Kah Wai	1,300,000	0.43
22	Maybank Nominees (Tempatan) Sdn Bhd *Beneficiary : Fua Kia Pha*	1,280,600	0.43
23	Nirmala Navinchandra Shah	1,154,600	0.38
24	Goh Teck Yiew	1,147,200	0.38
25	Chuah Sze Ming	1,120,000	0.37
26	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Wong Sui Yuing (E-BTL)*	1,099,200	0.37
27	CIMSEC Nominees (Asing) Sdn Bhd *Beneficiary : Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	1,096,554	0.37
28	Lim Mok Leng	1,055,000	0.35
29	TA Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Goh Tai Siang*	1,020,600	0.34
30	Lim Kian Huat	1,000,600	0.33
	TOTAL	**163,421,613**	**54.47**

Note:

(N1) The percentages of thirty largest shareholders are calculated by dividing the shares held by the respective shareholders with the total number of ordinary shares in issue, excluding 4,343,700 Treasury Shares held by the Company.

NOTICE
There will be no distribution of door gifts

FORM OF PROXY

(please refer to the notes below)

No. of ordinary shares held	CDS Account No.

MAA GROUP BERHAD

(471403-A)
Incorporated in Malaysia

I/We ______________________________ NRIC No./Co. No./CDS No. : ______________________________
(Full Name in Block Letters)

of____
(Full Address)

being a member/members of **MAA GROUP BERHAD** hereby appoint * Chairman of the meeting or

______________________ of ______________________________ or failing him/her
(Name of Proxy, NRIC No.) (Full Address)

______________________ of ______________________________ as *my/our proxy
(Name of Proxy, NRIC No.) (Full Address)

to vote for *me/us and on *my/our behalf at the **17th Annual General Meeting ("AGM")** of the Company to be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur on Thursday, 28 May 2015 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 17th AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	To approve the payment of Directors' fees amounting to RM180,000.00 for the period from 1 July 2015 to 30 June 2016 to be payable quarterly in arrears.				
	To re-elect the following Directors of the Company who are retiring pursuant to Article 73 of the Company's Articles of Association:-				
Resolution 2	(i) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
Resolution 3	(ii) Mr Yeo Took Keat				
Resolution 4	To re-elect Tan Sri Datuk Seri Razman Md Hashim who is retiring pursuant to Section 129(6) of the Companies Act, 1965.				
Resolution 5	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.				
Resolution 6	Approval for Tan Sri Datuk Seri Razman Md Hashim to continue in office as Independent Non-Executive Director.				
Resolution 7	Approval for Tan Sri Ahmad bin Mohd Don to continue in office as Independent Non-Executive Director.				
Resolution 8	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.				
Resolution 9	To approve the Proposed Renewal of Share Buy-Back Authority.				
Resolution 10	Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.				
Resolution 11	To approve the proposed adoption of a new set of Memorandum and Articles of Association of the Company.				

(Please indicate with a "✓" or "✗" in the spaces provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

The proportion of my holdings to be represented by my *proxy/proxies are as follows:

	Number of shares	Percentage
First proxy		%
Second proxy		%
Total		**100%**

Dated this ______________ day of ______________ 2015

*Strike out whichever is not desired.

____
Signature of Shareholder(s)/Common Seal

NOTES : -

1. *Applicable to shares held through a nominee account.*
2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company, and the provision of the Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *Any alteration in the form of proxy must be initialled.*
8. *Form of Proxy sent through facsimile transmission shall not be accepted.*
9. *For the purpose of determining a member who shall be entitled to attend this 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 51(b), 51(c) and 51(d) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 May 2015. Only a depositor whose name appears on the Record of Depositors as at 22 May 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
10. *Explanatory notes to Special Business of the Agenda 6:-*

(a) Authority to Continue to Act As Independent Non-Executive Directors of the Company Pursuant to Malaysian Code on Corporate Governance 2012 ("MCCG 2012")

The Proposed Resolutions 6 and 7, based on the satisfactory outcome of the review of the Nomination and Remuneration Committee, if passed, will enable Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who will have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years on 30 June 2015 and 12 October 2015 respectively, to continue to act as Independent Non-Executive Directors of the Company in accordance with Recommendation 3.3 of the MCCG 2012 and to hold office until the conclusion of the next AGM of the Company.

The profiles of the above mentioned Directors are set out in the Directors' Profile on pages 7 to 8 of this Annual Report. The details of their shareholdings in the Company are set out in the Directors' Shareholdings which appears on page 194 of this Annual Report.

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

The Proposed Resolution 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time-to-time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(c) Proposed Renewal of Share Buy-Back Authority

The Proposed Resolution 9, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(d) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act

The Ordinary Resolution proposed under Resolution 10 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 16th AGM held on 20 June 2014 and which will lapse at the conclusion of the 17th AGM to be held on 28 May 2015.

(e) Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company

The Proposed Resolution 11 on adoption of a new set of Memorandum and Articles of Association is to streamline the Company's Memorandum and Articles of Association to be aligned with the new and/or amended provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other prevailing statutory and regulatory requirements and/or other applicable rules and guidelines which have been revised.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 6, 7 and 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 6 May 2015 which is despatched together with the Company's 2014 Annual Report.

****Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)***

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STAMP

The Secretary
MAA GROUP BERHAD
Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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NOTICE
There will be no distribution of door gifts

MAA GROUP BERHAD
(471403-A)

13th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, Malaysia.
Tel: 03-6256 8000 Fax: 03-6251 0373
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