MAA GROUP BERHAD
(471403-A)

2015
ANNUAL REPORT

Contents

FINANCIAL HIGHLIGHTS

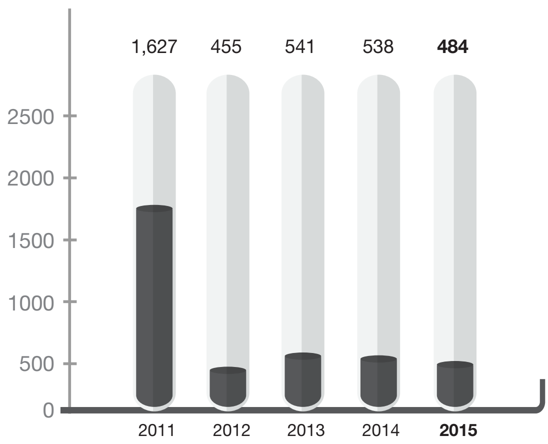
FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

Year Ended 31 December	2015	2014	2013	2012	2011
Income Statements (RM' million)					
Total Revenue	**484**	538	541	455	1,627[1]
Profit Before Taxation	**33**	19	9	39	143[1]
Statements of Financial Position (RM' million)					
Total Assets	**1,451**	1,560	1,359	1,243	1,130
Total Borrowings	**-**	-	5	4	9
Shareholders' Equity	**410**	424	431	427	380
Financial Ratios					
Return on Capital Employed	**8.0%**	4.5%	2.1%	9.0%	36.8%
Return on Total Assets	**2.3%**	1.2%	0.7%	3.1%	12.7%
Earnings per Share (sen)	**8.3**	5.5	1.6	14.0	37.7
Net Asset per Share (RM)	**1.4**	1.4	1.4	1.4	1.3

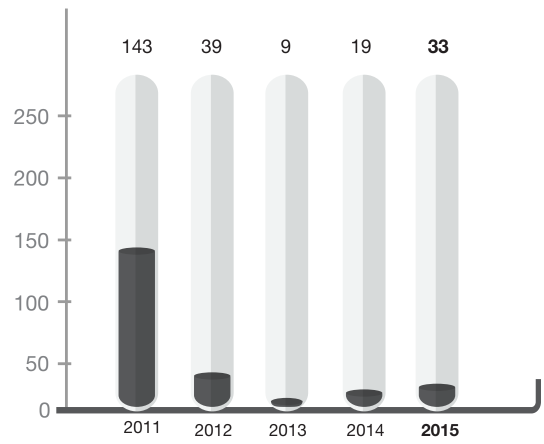
(1) Included nine (9) months results of Malaysian Assurance Alliance Berhad, Malaysian Alliance Property Services Sdn Bhd, Maagnet Systems Sdn Bhd, Maagnet SSMS Sdn Bhd and Multioto Services Sdn Bhd before completion of the disposal to Zurich Insurance Company Ltd on 30 September 2011.

FINANCIAL HIGHLIGHTS
(continued)

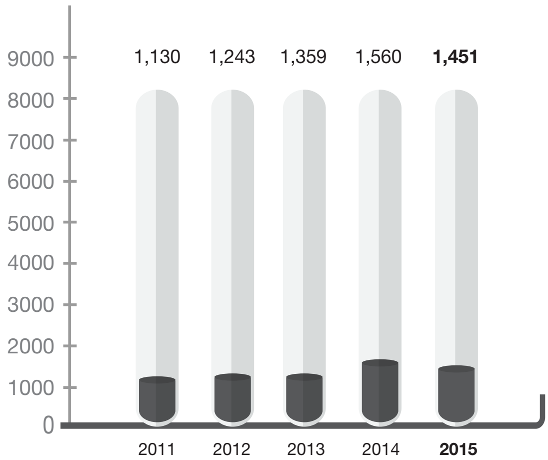
Total Revenue (RM mil)



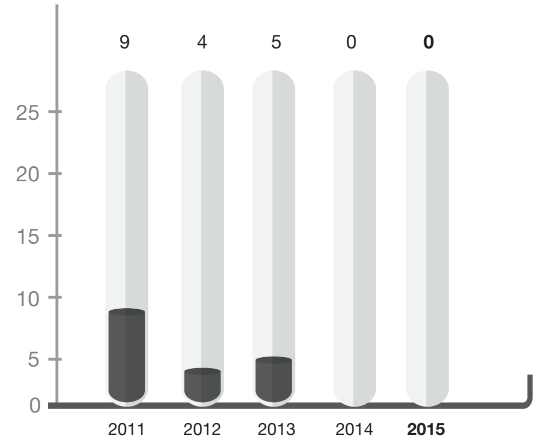
Profit Before Taxation (RM mil)



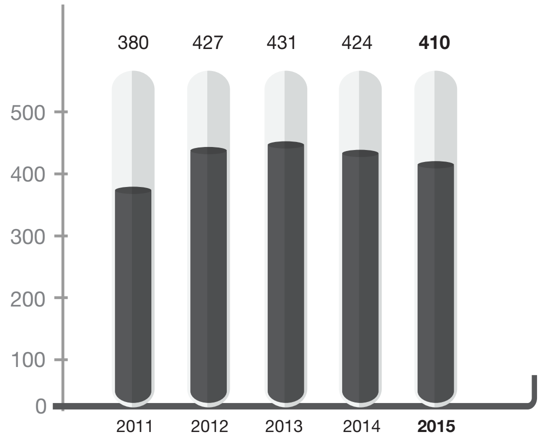
Total Assets (RM mil)



Total Borrowings (RM mil)



Shareholders' Equity (RM mil)



BOARD OF DIRECTORS

1. **Tunku Dato' Yaacob Khyra**
Executive Chairman

2. **Yeo Took Keat**
Executive Director
Group Chief Operating Officer

3. **Tan Sri Ahmad Bin Mohd Don**
Independent Non-Executive Director
Member of Risk Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

4. **Dato' Narendrakumar Jasani A/L Chunilal Rugnath**
Independent Non-Executive Director
Chairman of Risk Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

5. **Datuk Muhamad Umar Swift**
Chief Executive Officer / Group Managing Director

6. **Tan Sri Datuk Seri Razman Md Hashim**
Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee

7. **Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah**
Non-Independent Executive Director

8. **Onn Kien Hoe**
Independent Non-Executive Director
Chairman of Audit Committee
Member of Risk Management Committee
Member of Nomination and Remuneration Committee

BOARD OF DIRECTORS' PROFILE

TUNKU DATO' YAACOB KHYRA
Aged 55, Malaysian
Executive Chairman

Tunku Dato' Yaacob Khyra 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' Yaacob 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' Yaacob 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' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob 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 203 of the Annual Report.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees for MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation. He also sits on the Board of Altech Chemicals Limited as Non-Executive Director.

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

Tunku Dato' Yaacob 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 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 Limited. 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.

DATUK MUHAMAD UMAR SWIFT
Aged 51, Permanent Resident
Chief Executive Officer/Group Managing Director

BOARD OF DIRECTORS' PROFILE
(continued)

YEO TOOK KEAT
Aged 58, 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 203 of the Annual Report.

BOARD OF DIRECTORS' PROFILE
(continued)

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 upon 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 1964. 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 203 of the Annual Report.

TAN SRI DATUK SERI RAZMAN MD HASHIM
Aged 76, Malaysian
Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee

BOARD OF DIRECTORS' PROFILE
(continued)

TAN SRI AHMAD BIN MOHD DON
Aged 68, 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 203 of the Annual Report.

BOARD OF DIRECTORS' PROFILE
(continued)

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' Yaacob Khyra, the Executive Chairman of the Company. Therefore, he is deemed a substantial shareholder by virtue of his relationship with Tunku Dato' Yaacob Khyra 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 203 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.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
Aged 54, Malaysian
Non-Independent Executive Director

BOARD OF DIRECTORS' PROFILE
(continued)

DATO' NARENDRAKUMAR JASANI A/L CHUNILAL RUGNATH
Aged 66, 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 public accounting firm. 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, investigative assignments, corporate restructuring and privatisation. Dato' Jasani contributes towards the professional development of the accounting standards and practice via his involvement in the Public Practice, Insolvency and SMP Committees of the Malaysian Institute of Accountants (MIA). He is also a Council Member of MIA. 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)

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.

ONN KIEN HOE
Aged 51, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Member of Risk Management Committee
Member of Nomination and Remuneration Committee

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tunku Dato' Yaacob Khyra *(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

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	No Rating [Note 1]
Hannover ReTakaful B.S.C. (C). 29-01, Level 29, Integra Tower, The Intermark 348, Jalan Tun Razak 50400 Kuala Lumpur	A+ (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)

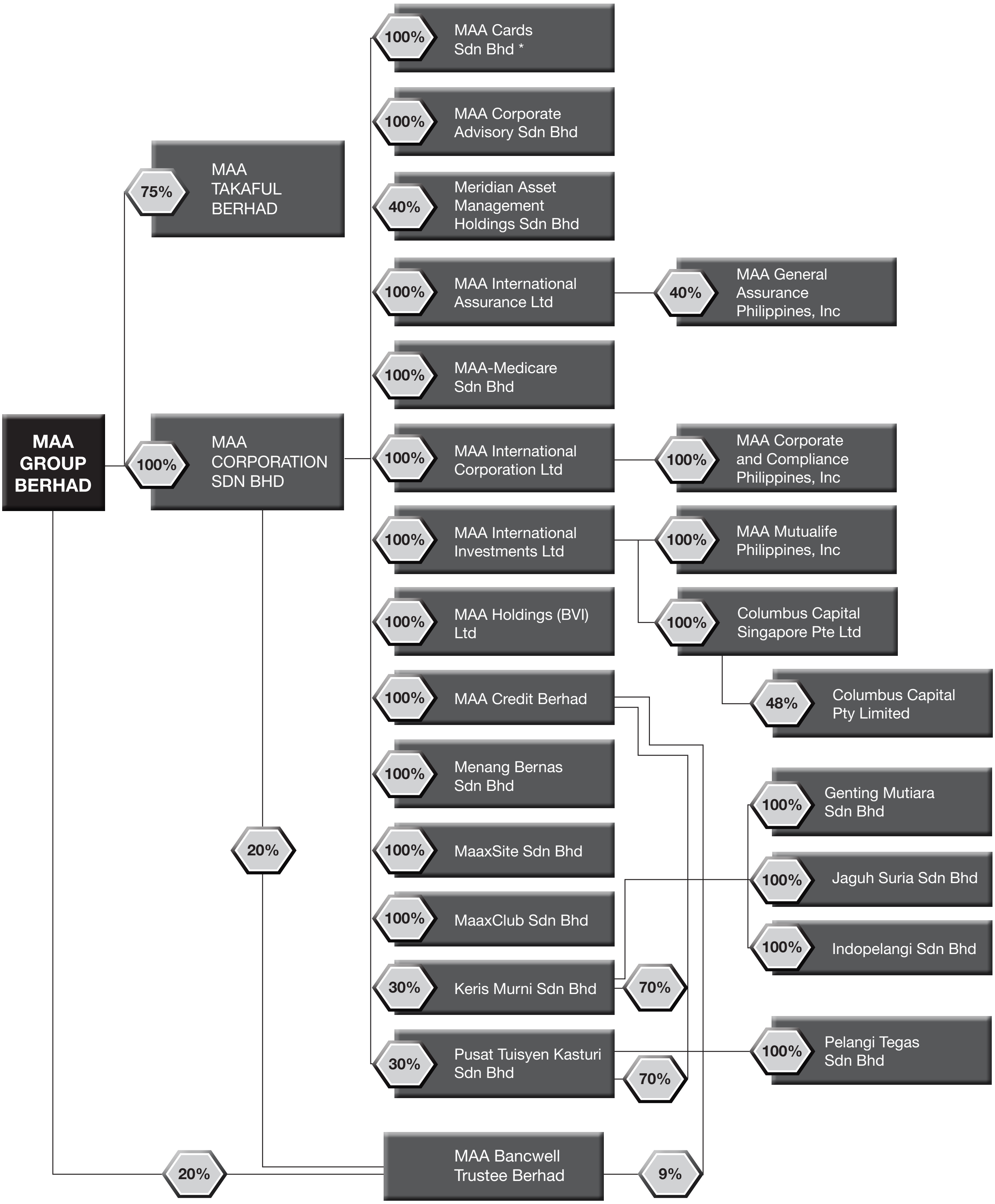
Note 1: Fitch Ratings has withdrawn MNRB Retakaful Berhad's rating.

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)
ACR Retakaful Berhad Unit A-12A-10, Level 12A, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur	B++ (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	AA- (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)
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 Cards Sdn Bhd has been disposed on 31 March 2016

MAA REGIONAL NETWORK

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

MAA GROUP BERHAD
(471403-A)
Incorporated in Malaysia

NOTICE IS HEREBY GIVEN that the 18TH 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 Monday, 20 June 2016 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 2015 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 2016 to 30 June 2017 to be payable quarterly in arrears.	**1**
(3) To re-elect the following Directors who are retiring in accordance with Article 113(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(i) Tunku Dato' Yaacob Khyra	**2**
(ii) Dato' Narendrakumar Jasani a/l Chunilal Rugnath	**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 Resolutions:-

(a) **Continuing in Office as Independent Non-Executive Directors**

(i) "THAT subject to the passing of the Ordinary Resolution 4, approval be and is hereby given to Tan Sri Datuk Seri Razman Md Hashim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **6**
[Please refer to Explanatory Note B (a)]

(ii) "THAT approval be and is hereby given to Tan Sri Ahmad bin Mohd Don, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **7**
[Please refer to Explanatory Note B (a)]

(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 28 May 2015 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 3.3 of Part A of the Circular to Shareholders dated 29 April 2016 ("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; and

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

NOTICE OF EIGHTEENTH 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 the earliest.

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 RM13,358,000 as at 31 December 2015 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."

BY ORDER OF THE BOARD

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

Kuala Lumpur
29 April 2016

NOTICE OF EIGHTEENTH 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)(a)&(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 18th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) 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 14 June 2016. Only a depositor whose name appears on the Record of Depositors as at 14 June 2016 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 ***(Explanatory Note B)****:*

    (a) Continuing in Office as Independent Non-Executive Directors

    At the last AGM in 2015, the shareholders of the Company had approved the continuation in office of both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don as Independent Non-Executive Directors of the Company until the conclusion of this AGM.

    In line with the recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Proposed Resolutions 6 and 7, if passed, will enable both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Listing Requirements of Bursa Securities.

    Both Nomination and Remuneration Committee and the Board have assessed the independence of Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company until the conclusion of the next AGM based on the following justifications:

    (i) <u>Tan Sri Datuk Seri Razman Md Hashim</u>

    (1) He had fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and thus he would be able to function as check and balance and bring an element of objectivity to the Board.
    (2) He has vast experience in the accounting and audit industry enabling him to provide the Board with a diverse set of experience, expertise and independent judgement.
    (3) He is independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect his judgement or making of decisions in the best interest of the Company.
    (4) He had devoted sufficient time and attention to his professional obligations for an informed and balanced decision making.
    (5) He has demonstrated his ability to participate constructively and with integrity in all decisions in the best interest of the overall business of the Company.

    (ii) <u>Tan Sri Ahmad bin Mohd Don</u>

    (1) He had fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and thus he would be able to function as check and balance and bring an element of objectivity to the Board.
    (2) He has vast experience in the accounting and audit industry enabling him to provide the Board with a diverse set of experience, expertise and independent judgement.
    (3) He had consistently challenged management in an effective and constructive manner and provided an independent voice on the Board.
    (4) He had devoted sufficient time and attention to his professional obligations for an informed and balanced decision making.
    (5) He has been able to contribute effectively and lead in rigorous debate on important issues besides providing sound advice and has made suggestions for improvements on the issues or matters brought to the attention of the Board.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING
(continued)

The profiles of the above mentioned Directors are set out in the Directors' Profile on pages 9 to 10 of this Annual Report. The details of their shareholdings in the Company are set out in the Directors' Shareholdings which appears on page 203 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 17th AGM held on 28 May 2015 and which will lapse at the conclusion of the 18th AGM to be held on 20 June 2016.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 6 and 7 as mentioned above is set out in the Circular to Shareholders of the Company dated 29 April 2016 which is despatched together with the Company's 2015 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 18th AGM of the Company are set out in the Directors' Profile on pages 6,9 and 12 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 203 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 18th AGM of the Company.

PENYATA PENGERUSI

TUNKU DATO' YAACOB KHYRA
Pengerusi Eksekutif

"Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Akaun Kumpulan bagi tahun berakhir 31 Disember 2015."

PERSEKITARAN OPERASI

Pada 2015, aktiviti ekonomi global terus berkembang pada kadar yang sederhana. Kadar pertumbuhan di negara-negara maju masih terbatas, manakala ekonomi Asia umumnya disokong oleh permintaan domestik dalam suasana prestasi eksport yang kurang memberangsangkan. Sejajar dengan itu, ekonomi Malaysia berkembang 5.0% (2014: 6.0%) pada 2015, diterajui terutamanya oleh permintaan sektor swasta.

Pada tahun lepas, industri Insurans Hayat dan Takaful Keluarga Malaysia berkembang pada kadar yang sederhana, dengan jumlah pendapatan premium/sumbangan bersih, meningkat sebanyak 4.5% (2014: 7.5%) kepada RM35.1 bilion (2014: RM33.6 bilion), disokong oleh pertumbuhan berterusan sebanyak 9.4% dalam perniagaan berkaitan pelaburan. Manakala Industri Insurans dan Takaful Am Malaysia mencatatkan pertumbuhan pendapatan premium/ sumbangan sebanyak 5.5% (2014: 7.5%) kepada RM17.3 bilion (2014: RM16.4 bilion), disokong oleh 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 MAACA Corporate Services Sdn Bhd dan MAA Cards Sdn Bhd telah diklasifikasikan sebagai "Operasi Dihentikan" pada penyata kewangan tahun berakhir 31 Disember 2015 mengikut piawaian perakaunan yang diluluskan.

Hasil Operasi

Bagi tahun yang dilaporkan, Jumlah Hasil Kumpulan merosot sebanyak 10.0% kepada RM484.1 juta (2014: RM538.1 juta), dengan Operasi Berterusan mencatatkan penyusutan 6.5% kepada RM483.7 juta (2014: RM517.4 juta) manakala Operasi Dihentikan mengalami kemerosotan RM0.4 juta (2014: RM20.7 juta).

Di bawah segmen Insurans Konvensional, Bahagian Insurans Am mencatatkan Jumlah Premium Diraih Kasar sebanyak RM1,000 (2014: RM110,000), daripada perniagaan terus tanggung kami di Indonesia yang bermula pada 2013.

PENYATA PENGERUSI
(bersambung)

Di bawah Perniagaan Takaful, Bahagian Takaful Am dan Bahagian Takaful Keluarga masing-masing mencatatkan Sumbangan Diraih Kasar berjumlah RM277.6 juta (2014: RM286.8 juta) dan RM250.7 juta (2014: RM367.6 juta).

Dana Pemegang Saham Kumpulan mencatatkan Jumlah Hasil RM255.9 juta (2014: RM220.2 juta). Operasi Berterusan melonjak 28.1% kepada RM255.5 juta (2014: RM199.5 juta) manakala Operasi Dihentikan menyusut kepada RM0.4 juta (2014: RM20.7 juta).

Untung / Rugi Sebelum Cukai

Kumpulan mencatatkan Untung Sebelum Cukai ("USC") lebih tinggi berjumlah RM32.6 juta bagi tahun yang dilaporkan (2014: USC RM19.2 juta). Operasi Berterusan meraih USC RM34.0 juta (2014: USC RM1.8 juta) manakala Operasi Dihentikan mencatatkan Rugi Sebelum Cukai ("RSC") RM1.4 juta (2014: USC RM17.5 juta).

Dari segi Insurans Konvensional, Bahagian Insurans Am yang terdiri sepenuhnya daripada operasi Indonesia mencatatkan USC RM0.7 juta (2014: USC RM17.0 juta). Sementara itu, Bahagian Insurans Hayat yang merangkumi operasi insurans luar pesisir berpangkalan di Labuan mencatatkan sumbangan Sifar (2014: USC RM183,000) berikutan kematangan dana bon berkaitan pelaburan pada Mei 2014, operasi insurans luar pesisir berpangkalan di Labuan tidak melancarkan mana-mana produk berkaitan pelaburan yang baru.

Dalam perniagaan Takaful, Bahagian Takaful Am meraih USC kecil berjumlah RM0.6 juta (2014: RSC RM0.6 juta). Bahagian Takaful Keluarga pula mencatatkan RSC lebih rendah berjumlah RM4.7 juta (2014: RSC RM11.3 juta) terutamanya disebabkan defisit dalam dana risiko Takaful tidak berkaitan pelaburan akibat tuntutan yang lebih tinggi dalam portfolio perubatan. Sebagai langkah pengimbang, lebihan RM11.3 juta (2014: RM11.0 juta) dipindahkan kepada Dana Pemegang Saham daripada dana risiko berkaitan Takaful.

Dana Pemegang Saham Kumpulan mencatatkan USC lebih tinggi berjumlah RM36.1 juta (2014: USC RM14.0 juta) selepas mengambil kira lebihan RM11.3 juta dan RM1.5 juta yang masing-masing dipindahkan daripada Dana Takaful Keluarga dan Dana Takaful Am. Operasi Berterusan mencatatkan USC RM37.5 juta (2014: RSC RM3.5 juta) dan Operasi Dihentikan mengalami RSC RM1.4 juta (2014: USC RM17.5 juta).

Untung lebih tinggi daripada Operasi Berterusan bagi 2015 terutamanya disebabkan oleh untung bersih RM48.3 juta daripada pemisahan operasi Indonesia dan juga lebihan lebih tinggi yang dipindahkan daripada dana Takaful.

Bagi Operasi Dihentikan, untung bagi 2014 disumbangkan terutamanya oleh masuk kira semula RM12.5 juta menurut pelaksanaan perjanjian penyelesaian kedua dengan Zurich Insurance Company Ltd ("Zurich") bagi jualan anak syarikat yang telah dilupuskan iaitu Malaysian Assurance Alliance Berhad (kini dikenali sebagai Zurich Insurance Malaysia Berhad) dan keuntungan RM7.6 juta daripada pelupusan satu lagi anak syarikat.

Pada 31 Disember 2015, Jumlah Aset Kumpulan bernilai RM1.5 bilion (2014: RM1.6 bilion) dengan Pendapatan Sesaham ("EPS") mencecah 8.3 sen (2014: 5.5 sen).

DIVIDEN

Pada tahun yang dilaporkan, Syarikat membayar dividen interim pertama dan kedua sebanyak 3 sen sesaham di bawah sistem dividen satu peringkat pada 30 April 2015 dan 9 Oktober 2015, yang berjumlah RM17,785,936.

Syarikat telah membayar dividen interim pertama 3 sen sesaham di bawah sistem dividen satu peringkat berjumlah RM8,712,698 pada 31 Mac 2016 bagi tahun kewangan berakhir 31 Disember 2016.

ULASAN OPERASI PERNIAGAAN

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

- Perniagaan Takaful (Malaysia)
- Perniagaan Insurans Konvensional (Antarabangsa)
- Perniagaan Pembiayaan Gadai Janji (Australia)

Butiran prestasi masing-masing dibentangkan secara berasingan dalam halaman yang dilampirkan.

MAKLUMAT TERKINI TENTANG CADANGAN KORPORAT TERBARU

Kumpulan dengan sukacitanya memaklumkan tentang perkembangan terkini yang berikut:

(a) Pada 30 September 2011, Syarikat menjadi penerbit tersenarai yang terjejas menurut Nota Amalan 17 ("PN17") Keperluan Penyenaraian yang berkuat kuasa ke atas penerbit tersenarai yang telah menggantung atau menamatkan perniagaan utamanya, iaitu dalam kes ini pelupusan Malaysian Assurance Alliance Berhad (kini dikenali sebagai Zurich Insurance Malaysia Berhad).

PENYATA PENGERUSI
(bersambung)

Namun begitu, Syarikat tidak mencetuskan mana-mana satu daripada kriteria yang ditetapkan di bawah PN17 Keperluan Penyenaraian, seperti ekuiti pemegang saham disatukan sebanyak 25% atau lebih rendah daripada modal saham terbitan dan berbayar, kegagalan pembayaran oleh Kumpulan dan pendapat bertentangan atau penafian oleh juruaudit terhadap akaun teraudit terkini Syarikat, dll.

Menurut Perenggan 8.04(3) Keperluan Penyenaraian, Syarikat perlu mengembalikan semula keadaan operasinya dengan melaksanakan rancangan penyusunan semula. Rancangan penyusunan semula tersebut perlu dikemukakan kepada Bursa Malaysia Securities Berhad ("Bursa Securities") pada 30 September 2012, dan seterusnya dilanjutkan sehingga 30 Jun 2016 menerusi surat Bursa Securities bertarikh 18 Februari 2016, 4 Ogos 2015, 23 Mac 2015, 21 Oktober 2014, 11 Mac 2014, 1 Ogos 2013 dan 20 Disember 2012 ("Lanjutan Masa").

Lanjutan Masa sehingga 30 Jun 2016 bagi Syarikat untuk mengemukakan rancangan penyusunan semula tidak menjejaskan hak Bursa Securities untuk terus menggantung jual beli saham tersenarai Syarikat dan mengeluarkan Syarikat dari senarai sekiranya:

(i) Syarikat gagal mengemukakan rancangan penyusunan semula kepada pihak berkuasa kawal selia pada atau sebelum 30 Jun 2016;

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

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

Jika berlaku mana-mana kejadian yang ditetapkan dalam (i) hingga (iii) di atas, Bursa Securities akan menggantung perdagangan sekuriti tersenarai syarikat pada hari pasaran seterusnya selepas lima (5) hari pasaran dari tarikh pemberitahuan penggantungan oleh Bursa Securities dan mengeluarkan Syarikat daripada senarai, tertakluk kepada hak Syarikat untuk membuat rayuan terhadap pengeluarannya daripada senarai.

(b) Pada 20 Mei 2015, MAA Corporate Advisory Sdn Bhd ("MAACA"), anak syarikat milik penuh MAA Corporation Sdn Bhd ("MAA Corp"), yang seterusnya merupakan anak syarikat milik penuh Syarikat, melupuskan seluruh kepentingan ekuiti yang dipegang olehnya dalam anak syarikat tidak aktif, MAACA Corporate Services Sdn Bhd ("MAACACS") yang telah menamatkan operasi untuk jumlah pertimbangan tunai RM10, yang diperolehi nilainya secara sukarela oleh pembeli dan penjual selepas mengambil kira aset bersih MAACACS pada 30 April 2015 yang bernilai RM10.

(c) Pada 16 Jun 2015, Syarikat mengumumkan bahawa Bank Negara Malaysia ("BNM") menerusi suratnya bertarikh 15 Jun 2015 telah menyatakan bahawa BNM pada asasnya tidak mempunyai bantahan terhadap langkah Syarikat, Solidarity Group Holding BSC (Ditutup) ("Solidarity") (yang memegang kepentingan ekuiti 25% dalam MAA Takaful Berhad ("MAA Takaful")) dan Zurich untuk memulakan perbincangan bagi cadangan pelupusan 100% kepentingan ekuiti yang dipegang dalam MAA Takaful ("Cadangan Pelupusan"). Syarikat, Solidarity dan Zurich perlu mendapatkan kelulusan terlebih dahulu daripada Kementerian Kewangan ("KK"), berasaskan cadangan BNM, menurut Akta Perkhidmatan Kewangan Islam 2013, sebelum mengikat sebarang perjanjian untuk melaksanakan Cadangan Pelupusan tersebut.

Pada 30 November 2015, Syarikat mengumumkan bahawa ia telah mengemukakan permohonan bersama dengan Solidarity dan Zurich kepada BNM untuk kelulusan KK menurut Akta Perkhidmatan Kewangan Islam 2013 untuk mengikat perjanjian bagi Cadangan Pelupusan tersebut. Permohonan ini masih dikaji oleh BNM.

(d) Pada 8 September 2015, MAA Corp dan ePROTEA MSC Sdn Bhd (kini dikenali sebagai Finexus Sdn Bhd) ("Pembeli") telah membuat Perjanjian Jualan Saham ("SSA") bersyarat bagi cadangan pelupusan seluruh modal saham terbitan MAA Cards Sdn Bhd ("MAA Cards") ("Saham Jualan"). Penyempurnaan SSA adalah antara lain bergantung kepada pihak-pihak yang berkenaan mendapatkan semua kebenaran, kelulusan dan pelepasan yang diperlukan daripada pihak berkuasa kawal selia bagi pemerolehan Saham Jualan oleh Pembeli. Tertakluk kepada penunaian syarat yang ditetapkan di bawah SSA dan selepas penyempurnaan pelupusan, MAA Cards tidak lagi menjadi anak syarikat milik Kumpulan. Jumlah pertimbangan bagi Saham Jualan adalah nilai agregat antara RM1,000,000 dan jumlah bersamaan nilai aset semasa terakhir MAA Cards pada tarikh penyempurnaan.

Pada 21 Mac 2016, Syarikat mengumumkan bahawa BNM menerusi surat bertarikh 18 Mac 2016, memberikan kelulusan bagi cadangan pelupusan MAA Cards. Kumpulan telah menyempurnakan pelupusan pada 31 Mac 2016.

(e) Pada 14 September 2015, Syarikat mengumumkan bahawa PT MAA General Assurance ("PT MAAG"), anak syarikat MAA International Assurance Ltd telah menerima surat bertarikh 10 September 2015 daripada Otoritas Jasa Keuangan ("OJK"), iaitu Pihak Berkuasa Perkhidmatan Kewangan Indonesia, memaklumkan PT MAAG bahawa lesen operasinya telah dibatalkan berkuat kuasa 3 September 2015. OJK melaksanakan tugas kawal selia dan pengawasan terhadap kegiatan perkhidmatan kewangan termasuk kegiatan insurans di Indonesia. Berasaskan terma dan syarat yang terkandung dalam surat tersebut, PT MAAG disyaratkan untuk melantik pembubar atau membentuk pasukan pembubar dalam masa 30 hari dari tarikh surat pembatalan tersebut. PT MAAG telah mengemukakan permohonan kepada OJK untuk lanjutan masa sehingga November 2015 untuk melantik pembubar.

Pada 30 September 2015, PT MAAG meluluskan resolusi ahli untuk meluluskan penutupan dan pembubaran syarikat tersebut. Pada 1 Disember 2015, Tuan Dharma Azhar Damanik, S.H. dan Tuan Romanus Muda Kota, S.H. dari Peguam SRD & Co telah dilantik sebagai pembubar untuk menyelaraskan proses pembubaran sukarela PT MAAG.

Berikutan pelantikan pembubar, Syarikat telah melepaskan kawalan dan penglibatan dalam operasi dan hal-ehwal kewangan PT MAAG kepada para pembubar. Oleh yang demikian, PT MAAG telah tidak lagi menjadi anak syarikat berkuat kuasa dari 1 Disember 2015 dan telah dipisahkan daripada penyata kewangan disatukan kumpulan pada tarikh tersebut.

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

PENYATA PENGERUSI
(bersambung)

TANGGUNGJAWAB SOSIAL KORPORAT

Meneruskan usaha pada tahun-tahun lepas, Kumpulan melaksanakan tanggungjawab sosial korporat menerusi 'Yayasan Kebajikan MAA Medicare' dan juga sokongannya terhadap 'Yayasan Kebajikan Budimas'.

Yayasan Kebajikan MAA Medicare menyediakan rawatan dialisis buah pinggang berkualiti pada kadar tersubsidi untuk golongan miskin di seluruh negara, dan kini dalam usaha membuka sebuah kemudahan jantung untuk menyediakan rawatan sakit jantung untuk orang miskin. Buat masa ini, lebih 800 pesakit kurang bernasib baik sedang dirawat oleh badan kebajikan tersebut.

Yayasan Kebajikan Budimas menjaga kebajikan kanak-kanak miskin dan kurang bernasib baik di seluruh negara. Buat masa ini, badan amal tersebut menguruskan sebuah rumah kebajikan yang boleh menampung 150 penghuni, menyalurkan bantuan kewangan kepada rumah kebajikan lain yang menjaga kira-kira 1,000 kanak-kanak, menyediakan sarapan di sekolah-sekolah tempatan untuk 5,000 kanak-kanak kurang bernasib baik, dan menubuhkan 8 buah perpustakaan di perkampungan Orang Asli.

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

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

PERKEMBANGAN INDUSTRI

Pada 2015, BNM terus melaksanakan garis panduan dan dasar baru untuk mengawal selia industri, antaranya termasuk:

- Pengenalan Produk Baru oleh Penanggung Insurans dan Pengendali Takaful – dengan matlamat untuk mempercepatkan masa ke pasaran bagi produk baru atau melaksanakan perubahan kepada produk sedia ada, menggalakkan pengurusan risiko mantap dalam pembangunan, tawaran dan pemasaran produk insurans baru dan menunaikan kewajipan sebagai pemegang amanah pelanggan.

- Pengurusan Perniagaan Hayat Penyertaan – menetapkan keperluan bagi pengurusan berkesan perniagaan hayat penyertaan untuk menggalakkan kelangsungan perniagaan dan melindungi kepentingan pemegang polisi berkaitan bayaran manfaat, pindaan bonus, peruntukan perbelanjaan, pengurusan aset dll.

- Rangka Kerja Insurans Hayat dan Takaful Keluarga – bertujuan untuk menggalakkan inovasi dan pasaran yang lebih kompetitif disokong oleh tahap profesionalisme dan ketelusan lebih tinggi dalam penyediaan produk dan perkhidmatan Takaful. Inisiatif khusus termasuk pertama sekali penepian had kos operasi, kedua pemelbagaian saluran pengedaran dan ketiga mengukuhkan amalan pasaran untuk menambah baik perlindungan pengguna. Inisiatif tersebut akan dilaksanakan secara berperingkat dari akhir Disember 2015 hingga 2019.

- Pemberian Kemudahan Kredit – menetapkan keperluan yang perlu dipatuhi bagi pemberian kemudahan kredit oleh pengendali Insurans dan Takaful.

Malah pada 2015, BNM telah mengeluarkan beberapa kertas konsep bagi pengendali Takaful. Antaranya termasuk Proses Penilaian Kecukupan Modal Dalaman bagi Pengendali Takaful, Wakalah dan Qard dll, untuk maklum balas industri. Semua cadangan yang bakal dikemukakan ini, apabila dilaksanakan ternyata akan mengubah cara sektor Takaful menjalankan perniagaannya di Malaysia.

Di peringkat luaran pula, dalam Maklum Balas kepada Kertas Rundingan terhadap Rangka Kerja Kecukupan Modal Insurans ("ICAF") yang dikeluarkan pada Julai 2014 oleh Lembaga Perkhidmatan Kewangan Labuan ("Labuan FSA"), berasaskan maklum balas yang diterima daripada peserta industri, Labuan FSA akan terus merangka dan memuktamadkan garis panduan ICAF mengikut fasa dengan pelaksanaan penuh ICAF Insurans pada 2018 dan ICAF Takaful pada 2019.

PROSPEK

Pada 28 Januari 2016, kerajaan Malaysia mengumumkan Pindaan Bajet 2016 di mana pertumbuhan Keluaran Dalam Negara Kasar bagi 2016 telah dipinda kepada 4.0% hingga 4.5% berbanding unjuran 4.0% dan 5.0% yang dibuat sebelum ini, sambil meramalkan bahawa ekonomi Malaysia dijangka berkembang pada kadar lebih perlahan ekoran ketidakpastian prospek pertumbuhan global dan kemerosotan harga tenaga.

Kumpulan akan terus menghadapi persaingan sengit dalam persekitaran operasi Takaful memandangkan peraturan baru yang dikuatkuasakan, menyaksikan pihak berkuasa kawal selia mengetatkan lagi piawaian teliti dan inisiatif liberalisasi pasaran. Walau apa pun, Kumpulan akan meneruskan usaha untuk melaksanakan rancangan tindakan pengurusan untuk meluaskan perniagaan sedia ada dan menambah keuntungan.

Mengenai status PN17 Syarikat, memang menjadi hasrat Lembaga Pengarah untuk mengekalkan status penyenaraian Syarikat. Justeru, Syarikat kini sedang dalam proses menyediakan rancangan penyusunan semula yang mengambil kira kesan cadangan pelupusan MAA Takaful untuk dikemukakan kepada Bursa Securities.

PENYATA PENGERUSI
(bersambung)

PENGIKTIRAFAN DAN PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan ribuan terima kasih kepada pasukan Pengurusan dan Kakitangan atas 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 yang dihargai atas sokongan, keyakinan dan kepercayaan mereka terhadap kami selama ini.

Akhir sekali, saya ingin mengucapkan terima kasih kepada rakan seperjuangan saya dalam Lembaga Pengarah kerana sumbangan mereka kepada Kumpulan.

TUNKU DATO' YAACOB KHYRA
Pengerusi Eksekutif

ULASAN OPERASI PERNIAGAAN

ULASAN PERNIAGAAN TAKAFUL (MALAYSIA)

Pada tahun 2015, industri Takaful Keluarga Malaysia mencatatkan pertumbuhan sederhana pada kadar 6.2% dalam jumlah Sumbangan Bersih kepada RM5.1 bilion (2014: RM4.8 bilion, -0.4%), manakala perniagaan Takaful Am mencatatkan peningkatan 13.3% dalam jumlah Pendapatan Diraih kepada RM1.7 bilion (2014: RM1.5 bilion, +5.6%).

Pada tahun yang dilaporkan, MAA Takaful mencatatkan kemerosotan 34.6% dalam Jumlah Pendapatan Diraih Bersih Takaful Keluarga kepada RM236.7 juta (2014: RM361.8 juta) terutamanya disebabkan kemerosotan dalam produk berkaitan pelaburan caruman tunggal akibat perniagaan gadai janji baru kumpulan yang berkurangan dan peralihan tumpuan daripada perniagaan berkaitan pelaburan kepada perniagaan tidak berkaitan pelaburan, manakala Sumbangan Diraih Bersih Takaful Am melonjak 44.3% kepada RM97.7 juta (2014: RM67.7 juta), dengan pertumbuhan terutamanya daripada kelas perniagaan motor dan kebakaran.

Dana Takaful Keluarga MAA Takaful mencatatkan Rugi Sebelum Cukai (“RSC”) lebih rendah iaitu RM4.7 juta (2014: RSC RM11.3 juta). Kerugian lebih rendah ini disebabkan oleh usaha yang dilaksanakan dalam tahun yang dilaporkan untuk menetapkan semula harga produk perubatan yang mengalami kerugian disebabkan kadar tuntutan yang tinggi dan kos perubatan yang meningkat. Di bawah Piawaian Pelaporan Kewangan Malaysia yang berkuat kuasa, kerugian dalam dana risiko Takaful akan diambil dan diiktiraf sedemikian oleh pengendali Takaful di peringkat syarikat. Namun begitu, terdapat pindahan lebihan RM11.3 juta (2014: RM11.0 juta) daripada dana risiko berkaitan Takaful kepada Dana Pemegang Saham pada tahun yang dilaporkan.

Dana Takaful Am MAA Takaful mencatatkan Untung Selepas Cukai (“USC”) RM0.6 juta (2014: RSC RM0.6 juta). USC terutamanya disokong oleh sumbangan diraih bersih yang lebih tinggi dan masuk kira semula peruntukan rosot nilai ke atas belum terima Takaful. Walaupun begitu, manfaat dan tuntutan Takaful bersih dan nisbah tuntutan pada tahun yang dilaporkan adalah lebih tinggi pada paras 70.8% (2014: 51.9%), sebahagian besarnya daripada kelas motor dan kemalangan peribadi.

Dana Pemegang Saham MAA Takaful mencatatkan USC lebih rendah berjumlah RM7.0 juta (2014: RM8.2 juta), selepas mengambil kira pindahan lebihan RM11.3 juta (2014: RM11.0 juta) daripada Dana Takaful Keluarga dan RM1.5 juta (2014: Sifar) daripada Dana Takaful Am. Untung lebih rendah ini terutamanya disebabkan perbelanjaan pengurusan lebih tinggi, secara khususnya kos kakitangan, sewa pejabat, komisen agensi dan perbelanjaan EDP, dll.

MAA Takaful meramalkan bahawa persekitaran operasi dalam Sektor Takaful tetap sengit dan mencabar, memandangkan perubahan peraturan yang sedang berlaku dan pertumbuhan ekonomi Malaysia yang dijangka lebih perlahan pada 2016.

Namun begitu, MAA Takaful akan meneruskan rancangan strategik dalam usaha menambah baik proses dalaman yang meliputi pengunderaitan, penetapan harga produk, kawalan kos dan kredit, melancarkan produk baru yang inovatif, meluaskan asas pelanggan dan saluran pengedaran dan mengekalkan agensi yang berkualiti dan produktif.

ULASAN PERNIAGAAN INSURANS KONVENSIONAL (ANTARABANGSA)

MAA International Assurance Ltd (“MAAIA”), cabang insurans dan pelaburan Kumpulan, mencatatkan RSC RM3.6 juta, (2014: RSC RM12.9 juta). RSC dicatatkan terutamanya kerana peruntukan rosot nilai berjumlah RM1.6 juta (2014: RM13.0 juta) berhubung dengan pendahuluan yang diberikan kepada PT MAAG untuk menyokong perbelanjaan bakian perniagaan syarikat dan peruntukan RM5.7 juta yang dibuat bagi anggaran perbelanjaan pembubaran anak syarikat tersebut. Namun begitu, kerugian ini diimbangi sebahagiannya oleh peningkatan nilai saksama pelaburan hartanah luar negara. Sejak separuh kedua 2014, MAAIA kekal sebagai cabang pelaburan Kumpulan.

PT MAAG mencatatkan USC lebih rendah berjumlah RM0.7 juta pada 2015 (2014: USC RM17.0 juta) untuk sebelas (11) bulan berakhir 30 November 2015, iaitu sebelum syarikat tidak lagi menjadi anak syarikat berikutan pelantikan pembubar. Untung yang diraih adalah terutamanya daripada rizab tuntutan. Pada 2014, untung diperolehi sebahagian besarnya daripada pendapatan RM16.5 juta yang timbul daripada penepian liabiliti tuntutan yang diperolehi daripada rundingan pengurangan hutang.

Pada tahun yang dilaporkan, Perniagaan Insurans Am di Filipina memberikan sumbangan positif kepada keputusan Kumpulan, dengan Untung Selepas Cukai RM2.5 juta (2014: RM2.1 juta). Untung lebih tinggi tersebut terutamanya disokong oleh peningkatan 37.1% dalam premium kasar kepada RM114.2 juta (2014: RM83.4 juta), masuk kira semula kerugian rosot nilai bagi belum terima insurans yang diperolehi kembali dan prestasi pelaburan lebih baik.

ULASAN PERNIAGAAN PEMBIAYAAN GADAI JANJI (AUSTRALIA)

Syarikat bersekutu milik 48% di Australia, Columbus Capital Pty Limited (“CCA”) yang terlibat dalam perniagaan pinjaman gadai janji runcit dan pensekuritian pinjaman, mencatatkan Untung Selepas Cukai RM1.3 juta (2014: RM0.3 juta) pada tahun yang dilaporkan. Untung lebih tinggi tersebut disebabkan terutamanya oleh margin faedah kasar lebih tinggi sebanyak 13.5% (2014: 10.8%) dan juga perbelanjaan operasi lebih rendah berbanding 2014, terutamanya perbelanjaan Pemprosesan Data Elektronik, guaman dan rundingan.

Berlandaskan infrastruktur sedia ada, CCA akan terus menguruskan portfolio gadai janji dengan matlamat untuk menguruskan margin faedah dengan berkesan dan seterusnya mengukuhkan usaha untuk meluaskan perniagaannya.

CHAIRMAN'S STATEMENT

TUNKU DATO' YAACOB KHYRA
Executive Chairman

"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 2015."

OPERATING ENVIRONMENT

In 2015, global economic activity continued to expand at a moderate pace. The pace of growth in advanced economies remained constrained, whilst Asian economies were generally supported by domestic demand amid weak export performance. Consistent with this, the Malaysian economy grew by 5.0% (2014: 6.0%) in 2015, driven mainly by private sector demand.

Last year, the Malaysian Life Insurance and Family Takaful industry grew at a moderate rate, with total net premiums/contribution income, increasing by 4.5% (2014: 7.5%) to RM35.1 billion (2014: RM33.6 billion), supported by the continuing growth in investment-linked business by 9.4%. On the other hand, the Malaysian General Insurance and Takaful industry showed a growth in premium/contribution income of 5.5% (2014: 7.5%) to RM17.3 billion (2014: RM16.4 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 MAACA Corporate Services Sdn Bhd and MAA Cards Sdn Bhd have been classified as "Discontinued Operations" in the financial statements for year ended 31 December 2015 following the applicable approved accounting standards.

<u>Operating Revenue</u>

For the year under review, the Group's Total Revenue decreased by 10.0% to RM484.1 million (2014: RM538.1 million), of which Continuing Operations recorded a decrease of 6.5% to RM483.7 million (2014: RM517.4 million) and Discontinued Operations recorded a decrease to RM0.4 million (2014: RM20.7 million).

Under the Conventional Insurance business segment, the General Insurance Division recorded a nominal Total Gross Earned Premiums of RM1,000 (2014: RM110,000), from our run-off business in Indonesia that commenced in 2013.

Under the Takaful Business, both the General Takaful and Family Takaful Divisions registered Gross Earned Contributions of RM277.6 million (2014: RM286.8 million) and RM250.7 million (2014: RM367.6 million) respectively.

CHAIRMAN'S STATEMENT
(continued)

The Group's Shareholders Fund recorded Total Revenue of RM255.9 million (2014: RM220.2 million). Continuing Operations recorded an increase of 28.1% to RM255.5 million (2014: RM199.5 million) while Discontinued Operations recorded a decrease to RM0.4 million (2014: RM20.7 million).

Profit / Loss Before Taxation

The Group recorded a higher Profit Before Taxation ("PBT") of RM32.6 million for the year under review (2014: PBT RM19.2 million). Continuing Operations recorded a PBT of RM34.0 million (2014: PBT RM1.8 million) whereas Discontinued Operations recorded a Loss Before Taxation ("LBT") of RM1.4 million (2014: PBT of RM17.5 million).

In the Conventional Insurance space, the General Insurance Division comprising wholly of the Indonesian operations recorded a PBT of RM0.7 million (2014: PBT of RM17.0 million). On the other hand, the Life Insurance Division constituted by the Labuan based offshore insurance operations registered Nil contribution (2014: PBT RM183,000), reason being subsequent to the maturity of the last investment-linked bond fund in May 2014, the Labuan based offshore insurance operations did not roll out any new investment-linked products.

In the Takaful business, the General Takaful Division recorded a small PBT of RM0.6 million (2014: LBT RM0.6 million). The Family Takaful Division recorded a lower LBT of RM4.7 million (2014: LBT RM11.3 million) due mainly to the deficit in the non-investment linked Takaful risk fund stemming from higher claims for the medical portfolio. A compensating development was the surplus transfer of RM11.3 million (2014: RM11.0 million) to the Shareholder's Fund from the investment-linked Takaful risk fund.

The Group's Shareholders Fund recorded a higher PBT of RM36.1 million (2014: PBT RM14.0 million) after accounting for the RM11.3 million and RM1.5 million surpluses transferred from the Family Takaful Fund and General Takaful Fund respectively. The Continuing Operations recorded a PBT of RM37.5 million (2014: LBT RM3.5 million) and the Discontinued Operations recorded a LBT of RM1.4 million (2014: PBT RM17.5 million).

The higher profit from Continuing Operations for 2015 was mainly attributed by a net gain of RM48.3 million from the deconsolidation of the Indonesia operations and also higher surpluses transferred from Takaful funds.

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 Insurance Company Ltd ("Zurich") on the sale of disposed subsidiary namely Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) and a gain of RM7.6 million from the disposal of another subsidiary.

As at 31 December 2015, the Group's Total Assets stood at RM1.5 billion (2014: RM1.6 billion) with Earnings Per Share ("EPS") of 8.3 sen (2014: 5.5 sen).

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 on 30 April 2015 and 9 October 2015 respectively totalling RM17,785,936.

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

BUSINESS OPERATIONS REVIEW

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

- Takaful Business (Malaysia)
- Conventional Insurance Business (International)
- Mortgage Financing Business (Australia)

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

UPDATES ON RECENT CORPORATE PROPOSALS

The Group is pleased to provide the following updates:

(a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of the Listing Requirements, such as consolidated shareholders' equity of 25% or less of the issued and paid up share capital, a default in payment by the Group, the auditors having expressed an adverse or disclaimer opinion on the Company's latest audited accounts, etc.

CHAIRMAN'S STATEMENT
(continued)

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

The Extension of Time of up to 30 June 2016 for the Company to submit a regularisation plan is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to delist the Company in the event:

(i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 30 June 2016;

(ii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and

(iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

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

(b) On 20 May 2015, MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary of MAA Corporation Sdn Bhd ("MAA Corp"), who in turn is a wholly owned subsidiary of the Company, disposed its entire equity interest held in a dormant subsidiary, MAACA Corporate Services Sdn Bhd ("MAACACS") that has ceased operations for a total cash consideration of RM10, arrived at on a willing buyer and willing seller basis after taking into considerations the net assets of MAACACS as at 30 April 2015 of RM10.

(c) On 16 June 2015, the Company announced that Bank Negara Malaysia ("BNM") had via its letter dated 15 June 2015 stated it has no objection in principle for the Company, Solidarity Group Holding BSC (Closed) ("Solidarity") (holding 25% equity interest in MAA Takaful Berhad ("MAA Takaful")) and Zurich to commence negotiations for the proposed disposal of 100% equity interest held in MAA Takaful ("Proposed Disposal"). The Company, Solidarity and Zurich would be required to obtain the prior approval of the Minister of Finance ("MOF"), with the recommendation of BNM, pursuant to the Islamic Financial Services Act 2013, before entering into any agreement to effect the Proposed Disposal.

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

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

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

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

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

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

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

CHAIRMAN'S STATEMENT
(continued)

CORPORATE SOCIAL RESPONSIBILITY

Continuing from previous years, the Group discharges its corporate social responsibilities through 'MAA Medicare Charitable Foundation' and also its support for 'The Budimas Charitable Foundation'.

MAA Medicare Charitable Foundation provides quality kidney dialysis treatment at subsidised rates for the poor on a nationwide basis, and is currently in the midst of setting up a cardiac facility to provide treatment for heart disease for the poor. At present, over 800 underprivileged patients are being treated by the charity.

The Budimas Charitable Foundation provides for the welfare of underprivileged and poor children on a nationwide basis. At present, the charity manages a home with a 150 capacity, provides funding for other charitable homes caring for approximately 1,000 children, provides breakfast in local schools for 5,000 underprivileged students, and is setting up 8 libraries in rural 'Orang Asli' villages.

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

As always, the Group will remain committed to its quest to be a responsible and caring corporate citizen.

INDUSTRY DEVELOPMENTS

In 2015, BNM has continued to implement new guidelines and policies to regulate the industry, amongst these are:

- Introduction of New Products by Insurers and Takaful Operators – aims to improve the time-to-market new products or effect changes to existing products, promote sound risk management over the development, offering and marketing of new insurance products and ensure duty of care to customers.
- Management of Participating Life Business – sets out the requirements for effective management of participating life business to promote the sustainability of the business and the protection of policyholders' interests in relation to benefit payouts, bonus revisions, expense allocation, assets management, etc.
- Life Insurance and Family Takaful Framework – aims to promote innovation and a more competitive market supported by higher levels of professionalism and transparency in the provision of Insurance and Takaful products and services. The specific initiatives include firstly the gradual removal of limits on operational costs, secondly the diversification of distribution channels and thirdly strengthening market conduct to enhance consumer protection. These initiatives will be implemented in stages from end of December 2015 to 2019.
- Granting of Credit Facilities – sets out the requirements to be complied for the granting of credit facilities by Insurance and Takaful operators.

Also during 2015, BNM has issued a few concept papers for the Takaful operators. Among these are on Internal Capital Adequacy Assessment Process for Takaful Operators, Wakalah and Qard, etc. for industry feedback. All these impending proposals once implemented will undoubtedly change the way Takaful sector conducts its business in Malaysia.

On the external front, in the Response to the Consultation Paper on Insurance Capital Adequacy Framework ("ICAF") issued in July 2014 by Labuan Financial Services Authority ("Labuan FSA") based on feedback received from the industry players, Labuan FSA will proceed to develop and finalise the ICAF guidelines in phases with full implementation in 2018 for Insurance ICAF and 2019 for Takaful ICAF.

PROSPECTS

On 28 January 2016, the Malaysian government announced a Revised Budget 2016 where the projected Gross Domestic Product growth for 2016 was revised to 4.0% and 4.5% from the earlier forecast of between 4.0% and 5.0%, in anticipation that the Malaysian economy is expected to grow at a slower pace due to the uncertainties over global growth prospects and declining energy prices.

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. Notwithstanding this, the Group will continue its efforts to implement management action plans to expand existing business and improve profitability.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company. Accordingly the Company is in the process of preparing a regularisation plan that takes cognizant of the effects of the proposed disposal of MAA Takaful for submission to Bursa Securities.

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' YAACOB KHYRA
Executive Chairman

BUSINESS OPERATIONS REVIEW

TAKAFUL BUSINESS (MALAYSIA) REVIEW

In 2015, the Malaysian Family Takaful industry recorded a moderate growth of 6.2% in total Net Contributions to RM5.1 billion (2014: RM4.8 billion,-0.4%), whilst the General Takaful business registered a 13.3% increase in total Earned Contributions to RM1.7 billion (2014: RM1.5 billion, +5.6%).

During the year under review, MAA Takaful recorded a 34.6% decrease in Family Takaful Net Earned Contributions to RM236.7 million (2014: RM361.8 million) mainly due to the decline from single contribution investment-linked products caused by lower new group mortgage business and shifting focus from investment-linked to non-investment linked business, whilst the General Takaful Net Earned Contributions increased by 44.3% to RM97.7 million (2014: RM67.7 million) with higher growth mainly from motor and fire classes of business.

The Family Takaful Fund of MAA Takaful recorded a lower Loss Before Taxation ("LBT") of RM4.7 million (2014: LBT of RM11.3 million). The lower loss was attributed by efforts taken during the year under review to reprice loss-making medical products in light of the high claims and escalating medical costs. 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 RM11.3 million (2014: RM11.0 million) from the investment-linked Takaful risk fund to the Shareholders' Fund during the year.

The General Takaful Fund of MAA Takaful recorded a PBT of RM0.6 million (2014: LBT of RM0.6 million). The PBT was contributed mainly by higher net earned contributions and write-back of impairment allowance on Takaful receivables. Notwithstanding this, the net Takaful benefits and claims ratio during the year was higher at 70.8% (2014: 51.9%), mainly from motor and personal accident classes of business.

The Shareholders' Fund of MAA Takaful recorded a lower PBT of RM7.0 million (2014: RM8.2 million), after taking into account the surplus transfer of RM11.3 million (2014: RM11.0 million) from the Family Takaful Fund and RM1.5 million (2014: Nil) from General Takaful Fund. The lower profit was due mainly to higher management expenses particularly staff costs, office rentals, agency commission and EDP expenses, etc.

MAA Takaful expects the operating environment in the Takaful Sector to remain competitive and challenging, in light of the ongoing regulatory changes and expected slower growth in the Malaysian economy in 2016.

Nevertheless, MAA Takaful will continue with strategic plans working towards improving internal processes on underwriting, product pricing, credit and cost controls, roll out new innovative products, expand customer base and distribution channels and maintain a quality and productive agency.

CONVENTIONAL INSURANCE BUSINESS (INTERNATIONAL) REVIEW

MAA International Assurance Ltd ("MAAIA"), the Labuan based offshore insurance and investment arm of the Group, recorded a LBT of RM3.6 million, (2014: LBT of RM12.9 million). The LBT was due mainly to an impairment allowance of RM1.6 million (2014: RM13.0 million) made in respect of advances extended to PT MAAG to support the company's business run-off expenses and an allowance of RM5.7 million made for estimated liquidation expenses of the said subsidiary. Nevertheless, these losses were partially offset by fair value gains from overseas investment properties. Since the second-half of 2014, MAAIA has remained as the investment arm of the Group.

PT MAAG recorded a lower PBT of RM0.7 million in 2015 (2014: PBT of RM17.0 million) for the eleven (11) months ended 30 November 2015 before the company was deconsolidated as a subsidiary following the appointment of liquidators. The profit was attributed mainly from reduction from claims reserve. In 2014, the profit was contributed mainly by an income of RM16.5 million arising from the waiver of claims liabilities from haircut negotiations.

During the year, the General Insurance Business in Philippines contributed positively to the results of the Group with a contributory Profit After Taxation ("PAT") of RM2.5 million (2014: RM2.1 million). The higher profit was due mainly to the 37.1% increase in gross premiums to RM114.2 million (2014: RM83.4 million), write-back of impairment loss for insurance receivables due to recoveries and improved investment performance.

MORTGAGE FINANCING BUSINESS (AUSTRALIA) REVIEW

The Group's 48% associate company in Australia, Columbus Capital Pty Limited ("CCA") which is in the business of retail mortgage lending and loan securitisation, recorded a share of PAT of RM1.3 million (2014: RM0.3 million) during the year. The higher profit is attributable in the main to improved gross interest margin of 13.5% (2014: 10.8%) and also lower operating expenses mainly Electronic Data Processing, legal and consultancy expenses compared to 2014.

On the back of the existing established infrastructure, CCA will continue to manage its existing mortgage portfolios with a view to manage the interest margins effectively and simultaneously intensify efforts to grow its business.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of MAA Group Berhad ("MAAG" or 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 2015.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Company is led by its 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 fundraising.

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 2015, to review, assess and oversee the progress of the Group's internal restructuring including:

- assessing the Group's PN17 regularisation plan to increase the Group's equity interest in Columbus Capital Pty Limited ("CCA") 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.
- formulating the regularisation plan to regularise its financial condition for submission to Bursa Securities as part of the requirement under PN17. An 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 16 December 2015. Bursa Securities has, vide its letter dated 18 February 2016, granted an extension of time of up to 30 June 2016 to submit a regularisation plan to the regulatory authorities.
- review the dissolution and voluntary winding-up of PT MAA General Assurance ("PT MAAG"). The members' voluntary winding-up of PT MAAG arose from the revocation of its operating license by OJK on 3 September 2015 due to the deficit in its shareholders' fund. Pursuant to the winding-up, Tuan Dharma Azhar Damanik, S.H and Tuan Romanus Muda Kota, S. H. of SRD & Co Lawyers have been appointed as liquidators on 1 December 2015. The appointed liquidators will undertake to complete the voluntary winding-up of PT MAAG according to the applicable liquidation rules stipulated under the Company Law of Indonesia and coordination with Ministry of Finance, Indonesia. Pursuant to the appointment of liquidators, PT MAAG has ceased to become a subsidiary of the Group.
- review the sale of MAA Takaful Berhad ("MAAT") to Zurich Insurance Company Ltd. The proposed disposal of equity interest held in MAAT had been submitted to Bank Negara Malaysia on 30 November 2015 for approval of the Minister of Finance pursuant to the Islamic Financial Services Act 2013.

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.

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. Board papers will be circulated to all Board members five (5) working days before the Board Meeting. This is to ensure the Board receives the information in time to prepare adequately for the Board meeting.

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.

- A Director seeking professional or expert advice concerning the conduct of business and affairs of the company may make such request to the Board during the Board Meeting of the company or refer such request to the company secretary by e-mail for consideration of the Board members.
- Upon receiving such request from any Director, the Company Secretary shall circulate the request to all Board members and the Board shall make a decision on the request accordingly.
- Where a decision has been made by a majority of the Board for professional or expert advice to be obtained, the matter shall be referred to a suitable Professional Advisor at the recommendation of the MAAG Exco/Bizco and approval of the Board.
- The opinion and/or report issued by the Professional Advisor shall be circulated to all members of the Board.
- The cost of the professional or expert advice shall be borne and paid by the respective company of MAAG.

1.6 Qualified and Competent Company Secretary

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. The Company Secretary ensures that all Board Procedures are followed, and the Company complies with all applicable statutory and regulatory rules.

The Company Secretary undertakes, inter-alia, the following functions:

- responsible for advising the Directors of their duties and responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations;
- preparing the agenda with the Chairman and Chief Executive Officer and notifying all Directors of Board Meetings;
- attends all Board and Board Committee Meetings and ensures that all meetings are properly convened and proceedings of the Board and Board Committee Meetings and decisions thereof are properly recorded, communicating decision of the Board and Board Committees to the relevant management for necessary action, follow-up on proposals or matters tabled at the Board or Board Committee Meetings;
- providing full access and services to the Board;
- assisting the Board with interpreting legal and regulatory acts related to the Code, Listing Requirements and other related regulations and developments;
- advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis;
- handling Company share transactions and other duties as prescribed under the relevant legislations;
- ensuring the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations;
- ensuring execution of assessment for Directors and the Board/Board Committees;
- ensuring availability of information required by new Directors for the proper discharge of their duties;
- assisting the Board and Chairman on the implementation of the Code;
- monitoring compliance with the principles and recommendations of the Code and informing the Board of any breaches; and
- ensuring high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its duties.

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 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

The Company is managed through the Board which currently comprises three (3) Executive Directors (including the Chairman), one (1) Non-Independent Executive Director and four (4) Independent Non-Executive Directors. Dedicated Board Committees were also established and are chaired by Independent Non-Executive Directors who exercise skilful leadership with in-depth knowledge of the relevant industry. The three (3) Board Committees appointed by the Board namely:

- Audit Committee;
- Risk Management Committee; and
- Nomination and Remuneration Committee.

In ensuring that the composition of the Board is strengthened, the Board has entrusted the Nomination and Remuneration Committee to implement policies and procedures with respect to selection and nomination of Board and Board Committees.

2.1 Nomination and Remuneration Committee

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

Chairman:	Tan Sri Datuk Seri Razman Md Hashim - Senior 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 NRC are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, Chief Executive Officer/Group Managing Director (CEO/GMD) and Senior Management and the appointment and evaluation of the performance of Directors.

The principal Terms of Reference of the NRC 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 NRC meets at least once a year, with additional meetings convened as and when necessary. The NRC met twice during the financial year 31 December 2015 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.

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

2.2.1 <u>Board Effectiveness Assessment</u>

The NRC 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 NRC shall carry out an annual assessment of the effectiveness of the Board as a whole, the various committees and individual directors. In order to assess the effectiveness of the Board, the NRC shall consider the following:-

The matter discussed at the Board meeting should be specific and of major importance to the Company. They shall make recommendation to the Board, for adopting a schedule of matters specifically reserved for the Board's decision. The schedule of matters shall at least include the following matters:

- acquisition and disposals of asset by the Company or of its subsidiaries that are material in nature;
- related-party transactions of a material nature;
- authority levels for core functions of the Company;
- corporate policies on investment; and
- the outsourcing of core business functions.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

This schedule of matters shall be updated from time to time to ensure that important matters are brought to the attention of the directors, deliberated and agreed to enhance the effectiveness of the Board.

In addition, to the schedule of matters specifically reserved for its decision, the Board should assume the specific responsibilities as highlighted under 1.2 Roles and Responsibilities of the Board.

The effectiveness of the Board falls on the extent to which it fulfils the specific responsibilities.

In making an assessment of the effectiveness of an individual Director, the NRC shall take into account of:

- the contribution made by that Director to the decision making process;
- his attendance at Board meetings;
- his involvement in various committees or special projects; and
- his mark against the benchmark set by the Board.

2.2.2 Appointment and Re-election

The NRC is guided by the Procedure for the Appointment and Removal of Directors which has been approved by Board. The Board nomination and selection process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned Director vis-a-vis the need of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

The NRC, in assessing the suitability of an individual and proposing candidate for appointment to the Board, take into account:

- Skills, knowledge, expertise and experience.
- Time commitment, candidate's other commitments and resources for input to the Board.
- The relationship of the candidate with another Director or major shareholder of the Company.
- The candidate must be a fit and proper person. Each Director is required to make quarterly declaration that they are not disqualified under the relevant law and fulfil fit and proper criteria.

For financial year ended 2015, there has been no appointment of 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 NRC continues to assess suitable candidates for recommendation to the Board. The Board has conducted a self-assessment on 25 February 2016 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.

2.2.3 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 qualifications, age, skills, experience, core competencies, character, integrity 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 NRC 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 2015 is set out below:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	180,000
Salaries and allowances	4,661,123	68,250
Bonus	1,097,425	-
Other Benefits	91,600	-
Total	**5,850,148**	**248,250**

The number of Directors whose total remuneration falls within the bands of RM50,000 is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	4
RM300,001 to RM350,000	1	-
RM1,300,001 to RM1,350,000	1	-
RM1,950,001 to RM2,000,000	1	-
RM2,250,001 to RM2,300,000	1	-

The following successive range of remuneration bands of RM50,000 is not applicable:

Below RM50,000
RM100,001 to RM300,000
RM350,001 to RM1,300,000
RM1,350,001 to RM1,950,000
RM2,000,001 to RM2,250,000

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 an 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 25 February 2016, 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 tenure of an Independent Director shall not exceed a cumulative term of nine (9) years in accordance with the Code. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director. In the event the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval.

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.

The NRC 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 based on the following justifications:

- The Group has benefited from these long serving Independent Non-Executive Directors who possessed detailed knowledge of the Group's business, standard operating procedures, internal controls and risks profile and have proven commitment, experience, competence and wisdom to effectively advise the Management from time to time.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don are independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgement or making of decisions in the best interest of the Company.

STATEMENT ON CORPORATE GOVERNANCE
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- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don had fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and thus they would be able to function as check and balance and bring an element of objectivity to the Board.
- Both of them have vast experience in the accounting and audit industry enabling them to provide the Board with a diverse set of experience, expertise and independent judgement.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don had devoted sufficient time and attention to their professional obligations for an informed and balanced decision making.
- They had consistently challenged management in an effective and constructive manner and provided an independent voice on the Board.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don had also exercised their due care and diligence during their tenure as Independent Non-Executive Directors of the Company and had carried out their professional duties in the best interest of the Company and shareholders.

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

During the Annual General Meeting held on 28 May 2015, shareholders' of MAAG had approved Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don to continue to act as an Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting ("AGM") of the Company.

3.4 Positions of the Executive Chairman and the Chief Executive Officer

The roles of Tunku Dato' Yaacob Khyra 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 CEO/Group MD 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 25 February 2016 and recommendation made by the NRC, the Board is of the view that Tunku Dato' Yaacob Khyra 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 Malaysia Listing Requirements.

The Board is chaired by an Executive Chairman. Whilst the Company supports the recommendations made under the Code, the Company maintains that the Chairmanship of the Board shall continue to be held by a Non-Independent Executive Director. At the moment, the Board is of the view that the Executive Chairman will remain objective in expressing his views and will allow all Board members the opportunity to participate and express their views in deliberations and decision making in the Board without fear or favour. In addition, any decisions arrived by the Board are made on consensus. Despite this, the Board will endeavor that the composition of the Independent Directors comprise of more than one-third (1/3) of the Board to ensure balance of power and authority on the Board.

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 2015.

The Board has met six (6) times during the financial year ended 31 December 2015. The details of the attendance by each of the Directors for the financial year ended 31 December 2015 are as follows:

Members of the Board	Attendance	Percentage
Tunku Dato' Yaacob Khyra (Chairman)	5/6	80%
Datuk Muhamad Umar Swift	6/6	100%
Yeo Took Keat	6/6	100%
Tan Sri Datuk Seri Razman Md Hashim	6/6	100%
Tan Sri Ahmad bin Mohd Don	6/6	100%
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/6	80%
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	6/6	100%
Onn Kien Hoe	5/6	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 NRC 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 Malaysia. The Nomination and Remuneration Committee evaluates the training needs of the Directors and recommends training 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 2015, 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' Yaacob Khyra	• Board Chairman Series Part 2: Leadership Excellence from the Chair.
Datuk Muhamad Umar Swift	• MAA Takaful National Sales Congress 2015. • Directors Corporate Governance Series – Building Effective Finance Function: From Reporting to Analytics to Strategic Input. • Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers. • MIA International Accountants Conference. • 5th Distinguished Board Leadership Series: "Beyond Compliance to Growth - Board's Strategy in Cultivating Real Growth within a Conducive Governance Environment" by FIDE Forum. • Directors Register Focus Group Sessions by FIDE Forum on Directors Register Project: Competency for Board Talent. • Launch of FIDE FORUM's Directors' Remuneration Report 2015 by FIDE Forum.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

Members of the Board	Programmes / Forum
Yeo Took Keat	• Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers. • Corporate Governance Breakfast Series for Directors on "Board Rewards and Recognition". • MIA International Accountants Conference 2015.
Tan Sri Datuk Seri Razman Md Hashim	• Sunway Managers Conference 2015.
Tan Sri Ahmad bin Mohd Don	• Understanding the Corporate Disclosure Guide issued by Bursa Malaysia, best practices in promoting boardroom effectiveness and accountability and other topics. • MAA Takaful National Sales Congress 2015. • Bursa's Corporate Governance Breakfast Series entitled "Future of Auditor Reporting - The Game Changer for Boardroom". • Sunway Managers Conference 2015. • Zurich National Sales Congress 2015. • Amendments to MFRS 141: Agriculture – Bearer Plants. • Sustainability Reporting.
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• Navigating the Political Economy of Global Business: A Malaysian Insight.
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	• MIA- Half-day Seminar on Quality Control. • MIA – Interview for Approved Company Auditor and Liquidator. • Grant Thornton International – Global Conference. • MIA International Accountants Conference 2015. • LHDN – Seminar Percukaian Kebangsaan 2015. • Tax Seminar on Malaysia Budget 2016.
Onn Kien Hoe	• Focus Group Session for Board of Director on Strengthening Corporate Governance Disclosure Amongst the Listed Issuers. • Developing & Managing Key Performance Indicators (KPIs). • National Tax Conference 2015. • TRIZ Innovation Training. • Corporate Fraud & Forensic Accounting. • Seminar Percukaian Kebangsaan 2015. • Valuing a Business.

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 Malaysia 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 2015, the Audit Committee had conducted two (2) meetings on 26 February 2015 and 23 November 2015 respectively 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.

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, Code of Conduct and Whistle Blowing Policy.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Communication with Shareholders

The Company is committed to provide timely and accurate information equally to all shareholders regarding the Company's financial situation, performance, strategies, activities and governance and adopt channels for disseminating information that are fair, timely and cost efficient.

The Board notes the recommendation 8.1 of the Code to take reasonable steps to encourage shareholders participation at the Annual General Meeting ("AGM"). The Company's AGM is the primary platform for communication with the widest range of shareholders. 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 forthcoming AGM will be a good opportunity for proactive engagement and communication between the Board, shareholders and investors.

- Shareholders who are unable to attend are entitled to appoint a proxy i.e to attend, speak and vote on their behalf.
- The MAA Group website (www.maa.my) contains references to and notices about the AGM.
- Members of the Board, Senior Management as well as the external auditor of the Company are present at the AGM to address any question or consent that shareholders may have.
- The Chairman at the commencement of the AGM, informs shareholders of their right to vote by poll. 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.
- Shareholders are welcome to contact the Company at any time throughout the year. The contact information is available on the Company's website (www.maa.my).

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 Malaysia Main Market Listing Requirements which mandates poll voting for related party transactions.

9. 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 2015, there were no proceeds raised by the Company from any corporate proposal.

2. **Share Buy-Back**

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

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

3. **Options, Warrants or Convertible Securities**

   During the financial year ended 31 December 2015, 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 2015.

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 2015.

6. **Non-Audit Fees**

   During the financial year ended 31 December 2015, the following non-audit fee was incurred for services rendered by the external auditors or a firm or corporation affiliated with them:

   (i) RM12,000 incurred by the takaful subsidiary company, MAA Takaful Berhad, being fee for services rendered in connection with the agreed upon procedures report on returns to Perbadanan Insurans Deposit Malaysia (“PIDM”).

7. **Variation in Results**

   The Company did not make or announce any profit forecast or projection during the financial year ended 31 December 2015. There was also no variation of 10% or more between the audited results and the unaudited results which were announced for the financial year ended 31 December 2015.

8. **Profit Guarantees**

   During the financial year ended 31 December 2015, there were no profit guarantees given by the Company.

9. **Material Contracts**

   There were 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 2015 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 28 May 2015, the Company sought approval for a shareholders' mandate for MAAG Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 6 May 2015) 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 2015 are:

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transaction (1/1/2015 - 31/12/2015) 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.	340
MAA Takaful Berhad ("MAA Takaful")	Provision of information technology facilities and services	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.	1
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 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.	***
		Melewar Equities Sdn Bhd ("MESB")	A company in which TY is deemed interested in MESB as 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.	12
		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.	18
MAA Corp	Office rental income	MESB	A company in which TY is deemed interested in MESB as 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.	52
		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.	80
MAA Takaful	Office rental charge	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.	103

Definition:
* TY is Tunku Dato' Yaacob Khyra
* TYY is Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
** Khyra is Khyra Legacy Berhad, being the holding company of MESB, Melewar Khyra Sdn Bhd and Melewar Equities (BVI) Ltd who are the substantial shareholders of the Company
*** transaction value below RM500

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement on Risk Management and Internal Control of MAA Group Berhad ("MAAG") is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements which requires the Board of Directors ("the Board") of a listed Company to include a statement on the state of its internal control in the annual report.

The Malaysian Code on Corporate Governance 2012 ("Code") also recommends that the Board should maintain a sound risk management and internal control framework in order to safeguard shareholders' investments and the Group's assets.

Pursuant to these requirements, the Board 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 reaffirms its overall responsibility for the Group's system of Internal Control, including an assurance of its adequacy, integrity, and its alignment with business objectives. The Board is also of the view that, the risk management framework and internal control system in place are designed and have the capacity to manage the Group's risks within the acceptable risk appetite thresholds. The Board does not claim nor believes that the controls will totally eliminate the risks emanating from the exercise of poor judgment in decision-making, human error, deliberate circumvention of control processes by employees, and unforeseeable circumstances. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

Whilst the Board has overall responsibility for the Group's risk management and internal control system, it has delegated the immediate oversight and implementation of these internal control to the Management who makes regular submissions to the Audit Committee ("AC") and Risk Management Committee ("RMC") on the status of actions taken to mitigate and/or minimise identified risks.

The risk management and internal control system is subject to the Board's regular review via the independent Internal Audit function with a view towards appraising and ascertaining the relevancy, adequacy and effectiveness of the controls in place in key operational and business areas as identified in the annual Audit Plan.

From time to time, the Board receives assurances from the Chief Executive Officer ("CEO") and Chief Operating Officer ("COO") on the efficacy of the risk management and internal control system and that; it sufficiently safeguards the interests of the Group.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee 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. The attendance status at the Risk Management Committee meetings held during the financial year ended 31 December 2015 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)*	3/4
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)*	3/4

During Committee meetings, the members engaged in active discussions with both the service provider and the Group Audit & Risk Department ("GARD") on risk management matters affecting the Group and its operations. Amongst matters emphasised during the year were the operations in the Philippines and Australia where the members had expressed some concern on the need to strengthen the risk management function in both the companies in order to obtain comfort that these foreign entities are continuously enhancing their respective ability to identify, evaluate and mitigate risks affecting their operations and profitability. A similar concern was expressed on the risk management function of the Group's largest operation, MAA Takaful Berhad ("MAAT").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

While all the three above mentioned entities have their own risk management governance structure and risk management matters are reported to their respective Boards, these reports are also escalated to GARD which reviews, assess and comments on the contents before they are tabled at the RMC. As for Pusat Tuisyen Kasturi Sdn Bhd ("PTK") and its subsidiaries, given their rather small scale and relatively simple business model, the risk management function of the entity is handled directly and driven by GARD.

GROUP AUDIT AND RISK

The day-to-day responsibility for the risk management function lies primarily with the GARD, as it oversees the implementation of the Enterprise Risk Management ("ERM") framework which is based on the ISO 31000 Risk Management Standard.

The Group continued to outsource part of its Risk Management activities during the year. The service provider in collaboration with GARD undertook a review of the adequacy of the risk management practices of the Group including the businesses in the Philippines and Australia to ascertain the extent of compliance with ISO 31000.

In the case of Columbus Capital Pty Limited ("CCA"), the exercise was also an integral part of the ongoing evaluation to ascertain whether there is a business case for the Group's shareholding in CCA to be increased so that it would qualify to be treated as a subsidiary. In the context of the review, working with the service provider, GARD made its maiden visit to Australia for this purpose. It enabled GARD to establish the gaps vis-à-vis the Group's expectations and the extent of the required investment in systems and human capital. A number of issues were identified in terms of the techniques being used in risk identification and evaluation, as well as the need to strengthen the Company's risk management policy and procedures. Upon securing the RMC's endorsement of the proposed corrective measures, GARD is currently working with CCA to expedite the implementation of these measures. We have already seen the initial fruits of this effort with the inaugural tabling of the risk management plans with its activity timelines, as well as the required reports to the RMC.

With regard to MAA General Assurance Philippines Inc. ("MAAGAP"), they too have similarly engaged a noted local service provider to undertake the risk management role in the Company. It must be stressed that, while Management is cognizant of the fact, the scale and relative complexity of MAAGAP's operations warrant bringing this function in-house, MAAGAP's continuing endeavour in this regard is thwarted by the acute shortage of qualified risk management personnel in the local job market. Hence in the interim, the focus is on enhancing the risk management infrastructure of the Company and the adequacy/effectiveness of the existing reporting/monitoring mechanisms. The Company has currently put in place a risk champion who plays the role of a liaison officer to work with both the service provider and GARD for this purpose. The current practice is that all risk management planning and execution strategies are discussed with GARD for input and authorisation before it is initiated. Also, all findings and reports tabled to the Board of MAAGAP will be previously reviewed by the GARD for comments. GARD makes quarterly visits to MAAGAP to ensure all findings of the service provider are addressed and reports back on the status of the same to the Group RMC.

In view of the Group's intensive search for an alternative core business(es) which will represent the basis of the Regularisation Plan to uplift the PN17 classification, as a pre-emptive action GARD worked with the service provider to come out with a risk management process for the evaluation of new business investments/propositions. With this customised risk assessment framework, the Group is able to avert or minimise the possibility of investing into a business that can incur large financial losses, cause irreparable reputational damage or prove difficult to manage and which either singly or collectively, could materially impact the future of the Group itself.

To ensure greater awareness of managing risks amongst Group personnel so that it becomes embedded into the work culture, GARD held discussions with departmental heads and the staff on the importance of this responsibility. Sessions were conducted either in classroom settings or through the dissemination of information on risk management practices through the in-house communication channel. They covered areas such as the importance of risk management in the dynamic business environment, risk accountability, methods and techniques of risk identification, evaluation as well as risk mitigation strategies. As with the existing risk management guidelines and policies, these information updates were consequently uploaded into GARD's public folder which resides in the Group's portal so that they remain accessible to all at all times.

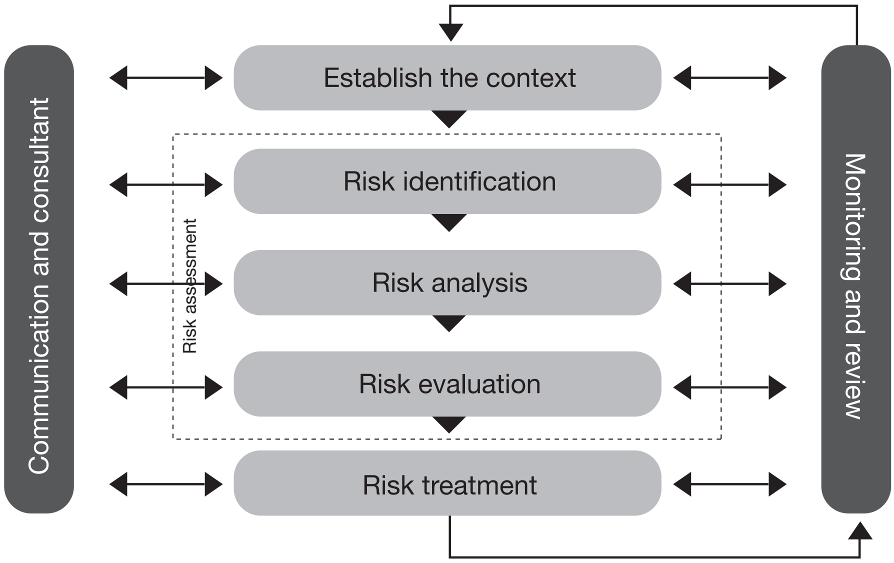
INTERNAL CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

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 approved by the Board.

The internal control system is periodically assessed to determine its adequacy and level of effectiveness. The evaluation is performed by GARD using the controls rating parameter stated in the risk management framework. Further assurance is provided by the Internal Audit function. The Internal auditors collaborate with the risk management function to ensure areas with higher risks are assessed more frequently and more intensely. More details on the worked performed by the Internal audit function can be found in the Audit Committee Report of this annual report on page 51.

The diagram on the following page summarises the Risk Management process described in the ERM Framework which serves to inform and provide guidance to Directors, senior management, and staff on managing risks in the Group:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)



The ERM framework sets out:

- the fundamentals and principles of risk and risk management that are to be applied in all situations and throughout all levels of the Group;
- the process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- the roles and responsibilities of each level of management in the Group; and
- the mechanisms, tools and techniques for managing risks in the Group.

In MAAG, the GARD ensures that all elements of the Framework are implemented throughout the Group and its subsidiaries. The process includes the systematic application of procedures and practices to the activities of risk identification, assessment, treatment, monitoring and reporting. A quarterly review of risks is undertaken to ensure that the risk profile remains relevant. This risk management process is applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the source of the risk.

The Group and its subsidiaries are exposed to various financial risks such as credit risk, interest rate, foreign currency exchange rates, as well as operational risks. The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix. Once the risk level is determined, the risk owner is obliged to deal with the relevant risks by adhering to the Group's risk treatment guidance on the actions to be taken and target timeline for implementation of the action plan. The Group will only accept a commercial level of risk that will provide reasonable assurance on the long term profitability and survival of the Group.

The top three (3) risks (as identified through the application of the above mentioned process) faced by the Group as a whole during 2015 were as follows:

a) the risk of insufficient preparation for implementation of the Goods and Services Tax ("GST") which would have resulted in non-compliance with legal requirements and subjected the Group to prosecution and heavy financial penalties apart from causing reputational damage and confusion amongst customers. Actions taken to mitigate this risk included initiating early action on the required system upgrades, encouraging and enrolling the affected staff in training programmes conducted by parties like Association of Chartered Certified Accountants ("ACCA") and Malaysian Institute of Accountants ("MIA") and seeking expert external advice/evaluation of the process flows. Apart from that, there were frequent discussions and monitoring of the GST implementation process during the management meetings. Due to these proactive initiatives, safe for some minor administrative hiccups, accommodating the GST levy proved to be largely a non-event from the risk standpoint.

b) Uncertainty in the governance framework under the provisions of the Islamic Financial Services Act 2013 ("IFSA") with regard to MAAT also topped the risk register. In addressing this matter, the Group undertook a study of the Act and identified the gaps to be filled from the governance, regulatory and business perspectives. An activity chart together with timelines and documentation of the responsible parties was then developed to close the gaps. This very much remains a work in progress item as in many cases, activity execution is dependent on the issuance of the applicable guidelines by the regulator. Notable attainments to-date include the choice of the preferred organisational structure upon splitting of MAAT's existing composite license, the tax implications of the same, identification of measures to minimise the resulting tax burden and separation and tagging of assets and personnel for the desegregated businesses.

c) The risks associated with the classification of the Group as a PN17 listed issuer. Until the Regularisation Plan is approved, this status carries the implied risk of the Group losing its listed status which the Board had resolved to maintain. Given that the provisions of the revised Financial Services Act 2013 ("FSA") (which is applicable to the Company on account of its shareholding in MAAT) restricts the search for new businesses to the financial sector, the Board took the view that it would be better for the Group to exit the financial services in Malaysia as this would enable it to explore a wider set of business options. This is because scaling up the existing financial services in order to fulfil the requirements for the speedy lifting the PN17 categorisation could only be achieved through acquisitions. However financial assets in the domestic market are limited and come with hefty valuations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

The flexibility afforded by the Board's decision has become apparent immediately as the Group is now the recipient of many business proposals encompassing a diverse range of economic sectors extending from pharmaceutical through property development to medical care. The Group's own preference is for lightly regulated activities and those that are less capital intensive. Removal of the limitation imposed by the FSA, has considerably enhanced the Group's prospects for venturing or acquiring a new core business(es) and consequently, the upliftment of the PN17 classification.

The risk profiles of operating entities are different from the Group due to their nature of operations.

OTHER KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT

- A comprehensive and detailed set of Standard Operating Procedures ("SOPs") and Internal Control Procedures ("ICPs") encompassing every key activity in all major facets of operations which are constantly revised to reflect changing circumstances and accessible for reference purposes. Currently there are 37 SOPs and 18 ICPs in place at the Group level. To ensure consistency, these ICPs and SOPs with minor modifications to suit different operating conditions is being rolled out to subsidiaries beginning with the companies in the PTK stable.

- A Whistleblower Policy providing the channels to anonymously report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address issues that may adversely affect the reputation and interests of the Group more effectively. Efforts are afoot to migrate the mechanism to a common platform that will enable reports to be lodged on a "anywhere, anytime" basis as this allows the policy to be adopted on a Group wide basis and provide a greater sense of security to reporting parties. There were no reports lodged under the policy during the year under review.

- The CEO and COO meet monthly with Senior Management to discuss and review the financial and business performance of all operating entities, management accounts, new business initiatives, other management and corporate issues of the Group including any policy papers to be tabled at the parent Board. These management forums relate to the operations of the Group itself, MAAT, PTK and the overseas operations. There were a combined total of 48 such Executive level meetings held in the course of 2015.

- Annual Budgets of all operating subsidiary and associate companies are prepared by the relevant Business/Operating units and evaluated by Head Office before being tabled for approval at the applicable Boards. The budgets which include both operational and financial parameters and longer term initiatives are monitored on a monthly basis at the Management meetings mentioned above.

- A formal and structured Document Sign-Off Policy where a mandatory minimum of four (4) different Department Heads (apart from the originator) must review, comment and sign off on any proposed changes or introduction of new operational policies before it can be submitted to the CEO or COO for endorsement and adoption.

- An Audit Committee comprising 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 Group. The Audit Committee and the Board is also entitled to seek such other third party independent professional advice deemed necessary to the discharge of its responsibilities. In 2015, the Audit Committee exercise this authority once and appointed an external audit firm to investigate a purported case of misspelling involving a client of a subsidiary.

- 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 said expenditure.

- Distribution of papers at least five (5) days in advance of a scheduled Board or Board Committee meeting so as to allow sufficient time for members to digest the contents and to seek additional information so as to arrive at an informed decision. The Board maintains complete and effective control over the strategies and direction of the Group especially with regard to reserved matters.

- 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. Follow-up action to ascertain the implementation status of the recommended remedial actions is conducted by GARD and the Audit Committee is furnished with the relevant update.

- Adoption and implementation of the annual risk-based internal audit plan after it has approved by the Audit Committee.

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

- A well-defined organisational structure with clear segregation of duties, accountabilities and responsibilities between Senior Management and Division Heads including appropriate formalised and documented financial and non-financial authority limits.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that there were 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. There were specific shortcomings in operational guidelines pertaining to the receipt of 3rd party payments and top ups to Investment Linked products at a subsidiary. These gaps have since been closed through the institution of the applicable corrective measures. These include discontinuation of automatic approvals for criteria compliant corporate business proposals, extension of the large amount questionnaire to encompass top ups from both new and existing businesses (previously it was confined to new businesses only), obtaining written verification prior to issuance of receipts for all 3rd party payments and also in the case of assignment of corporate policies and lastly, emplacement of an additional level of oversight at Group level to monitor suspicious transactions. The Company and the Group continue 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 2015.

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 Audit Committee of the Board ("AC") comprises entirely of Independent Non-Executive Directors. The details of members and attendance of meetings held during the financial year ended 31 December 2015 are as follows:

Name of Committee	No. of Meetings Attended
Onn Kien Hoe (Chairman, Independent Non-Executive Director)	6/6
Tan Sri Datuk Seri Razman Md Hashim (Member, Independent Non-Executive Director)	5/6
Tan Sri Ahmad bin Mohd Don (Member, Independent Non-Executive Director)	6/6
Dato' Narendrakumar Jasani A/L Chunilal Rugnath (Member, Independent Non-Executive Director)	5/5

The Company has fulfilled the requirements of Section 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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. Notices of meetings were given to the members accordingly and minutes of meetings and the Chairman's report were tabled at the Board.

The AC of MAAG met 6 times during the year and had its private sessions with the external auditors Messrs PricewaterhouseCoopers ("PwC") twice in 2015 which were held on 26 February 2015 and 23 November 2015 to discuss the audit plan, audit findings, financial statements and other matters that require the Board's attention.

TERMS OF REFERENCE

Composition

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

All members of the AC should be financially literate and, at least, one (1) member must be a member of the Malaysian Institute of Accountants; or

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
iii. fulfils such other requirements as prescribed or approved by Bursa Securities.

Where the Chairman is unable to attend a meeting, the members shall elect a person from among themselves as Chairman.

In the event of any vacancy in the AC 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 AC at least once every three (3) years to determine whether it has carried out its duties in accordance with its terms of reference.

Meetings

The Senior Management, Internal Audit, and External Auditors' representatives shall attend the meetings when appropriate. Other Board members and employees may attend meetings upon invitation by the AC. 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 AC members who are Independent Directors.

Secretary

The Secretary of the Company shall also be the Secretary of the AC. 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 AC, 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 AC 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 AC must promptly report such a breach to Bursa Securities.

In discharging the above responsibilities, the AC 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 AC 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 AC 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.

- **Risk Management**

  Review the adequacy and effectiveness of risk management, internal control and governance systems instituted in MAA Group and its subsidiaries.

- **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 Transactions**

  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 2015, the AC has carried out its duties as set out in the terms of reference. The main activities were as follows:

Internal Audit

- 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 for the engagement period although a written assurance was also provided by the external auditors on their independence. This was done during April 2015 after the reporting period, together with the assessment on the reappointment of the auditors;
- Evaluated the performance and effectiveness of the External Auditors and made recommendations to the Board on their appointment and audit fees. The assessment was made following discussions on the range of criterion as specified in the Group's assessment policy for the appointment/reappointment of an external auditor. Amongst the qualifying conditions discussed was the level of knowledge, capabilities, experience and quality that they brought to their work, their ability to provide constructive observations and recommendations in areas which require improvements, highlight implications, and adequacy of the audit scope and the effectiveness of planning and conducting the audit exercise;
- Reviewed major audit findings raised and Management's response, including the status of previous audit recommendations; and
- As there were no new or revised accounting standards adopted during the year, the AC did not undertake any work in this regard in 2015.

AUDIT COMMITTEE REPORT
(continued)

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 & RISK

The AC is supported by Group Audit and Risk Department ("GARD") which collaborates with the outsourced service provider in discharging the internal audit role for the Group and its significant operating subsidiaries. However, MAA Takaful Berhad ("MAAT"), the Group's biggest subsidiary has its own Internal Audit Department. GARD also oversees the internal audit ("IA") function of the overseas operations in Columbus Capital Pty Limited ("CCA") and MAA General Assurance Philippines Inc. ("MAAGAP").

The service provider who adopts the International Professional Practises Framework has assisted the Board, AC and Senior Management by providing an independent and objective assurance on the adequacy and effectiveness of the internal control system, risk management procedures and governance processes. The audit scope covers operational, financial, compliance and information system controls. The results of the audits are reported to the AC on a quarterly basis to highlight internal control issues with risk exposure and effectiveness of the existing mitigating internal controls. Audit follow-ups are carried out by GARD to report on the progress of implementing the audit recommendations to the AC. The total cost incurred for the outsourced internal audit function for the Malaysian operations of the Group for the financial year ended 31 December 2015 was RM265,000 compared to RM119,600 in FY2014. The increase is attributed to a special audit which was performed on the sales practices for one of MAAT's single investment product. The cost incurred for the newly outsourced IA function in the Philippines amounted to RM35,300.

During the financial year, the internal audit role was carried out over 3 cycles covering the following subsidiaries:

- MAA Takaful Berhad
- MAA Takaful Berhad – Special Audit
- Pusat Tuisyen Kasturi Sdn Bhd
- MAA International Assurance Ltd

MAA Takaful Berhad – The focus area included the general takaful fund, family takaful fund, outstanding debts and bank reconciliation. This emphasis was derived from the External Auditor's report as well as on account of findings by the risk management department of the Company. Following the completion of the previous external audit, several issues were noted and discussed during the AC meetings of MAAT as well as the Group. More specifically, they concerned the operations, financial accounting and reporting functions that were assessed as being in need of improvement. While most of them have been resolved through enhancement of the current reporting structure, practices and systems including the infusion of new expertise, and the development of new policies and procedures, there are some 'high importance' matters such as that relating to Debtors which remain the subject of ongoing rectification efforts on account of the need due to address legacy issues.

The service provider was also engaged (upon recommendation by the GARD and approval of the AC) by MAAT to perform an internal control assessment on a case of suspected mis-selling of one of its single investment products to a valued client. The findings and recommendations of this audit were reported to the AC of MAAT and the Group and shared with Bank Negara Malaysia ("BNM"). Resulting from the exercise, several operational guidelines and procedures with specific emphasis on the exercise of discretionary authority with regard to the waiver of fees were either further tightened or newly introduced by MAAT to prevent a recurrence. There was no evidence of any premeditated misconduct by any party in the case. The cost incurred for this special audit was RM95,000.

The IA department of MAAT also performed several audits of its own during the year. Apart from instituting a follow-up on the external auditor's reports, they were also involved in the audit exercise mentioned above. A review of MAAT's state of preparedness and system readiness for the roll-out of the GST scheme was also undertaken with the assistance of a tax agent. Other assignments included an examination of the Claims Department, internal control assessment of financial reporting procedures, an extent of compliance with BNM's guidelines on product transparency & disclosure and an audit of anti-money laundering measures.

Pusat Tuisyen Kasturi Sdn Bhd ("PTK") – The scope of the audit encompassed the operations, finance and procurement activities. No major issues were identified apart from the need to have adequate standard operating procedures ("SOPs") for some key facets of operations. This has since been rectified either through the advent of new SOPs or by extending those already adopted by the Group so as to ensure consistency of application.

MAA International Assurance Ltd ("MAAIA") – The internal control assessment for this entity is performed annually to comply with the requirements of the Labuan Financial Services and Securities Act 2010 and Labuan FSA's Guidelines on Minimum Audit Standards for Internal Auditors of Labuan Insurance Companies and Insurance-Related Companies dated 10 August, 2006. The focus was on finance and operations. However as MAAIA is essentially a holding company with no active business of its own, there were no substantive findings.

MAA General Assurance Philippines Inc. ("MAAGAP"), have also engaged a local service provider to undertake the internal audit role in the company. While it is MAAGAP's intention to bring this function in-house in 2016, in the interim, GARD currently makes quarterly visits to MAAGAP to review the IA work performed. All findings are tabled at the AC of MAAGAP and GARD escalates it with value adding input to the AC of the Group. The audit by the service provider during the year under review covered HQ operations as well as branches. The scope covered underwriting processes/practises, claims processing, information technology and branch operations. There were no major findings and all issues have since been rectified.

AUDIT COMMITTEE REPORT
(continued)

As for the Sydney based CCA, they too have outsourced the IA role. During the year, the service provider assessed the adequacy of the internal controls of treasury operations in the company and a few minor findings were noted in terms of the need to strengthen the current policies and enhancements to the IT security system. All rectification measures have been implemented. GARD oversees both the IA and RM function of the Company and reports to the Group AC/RMC committees. As the Group is looking into making CCA a subsidiary, an ongoing evaluation is being performed with a view to strengthening this function.

Collectively, a total of 6 audit reports were tabled at the Group AC in 2015 in respect of the above-mentioned entities.

Cumulative financial losses sustained by the Group in 2015 arising from reported/identified operational lapses amounted to RM1.1 million. This amounted to a negligible 0.2% of Group turnover for the same period. A minor amount was recovered within the year itself. Corrective actions included the dismissal of one (1) erring staff.

CORPORATE SOCIAL RESPONSIBILITY

MAA Group Berhad ("MAAG" or the "Company") understands the importance of our Corporate Social Responsibility ("CSR") in the marketplace, environment, workplace and community. And such, we continually seek to improve our existing policies by incorporating responsible best practices in our daily business operations.

Marketplace

The financial industry demands the highest professional standards and processes. To safeguard the interest of our stakeholders, we provide unbiased opportunities to all our business partners.

The Company practices a stringent procurement policy via its 'Internal Control Programmes' that support a competitive bidding environment and reinforces its 'Code of Conduct' that promotes transparency, good corporate governance and principled behaviour.

Environment

MAAG's business operations are not industrial in nature. Nevertheless, we remain committed to doing our part and operating in a manner that minimises the use of our earth's resources to ensure a sustainable environment for the future.

In 2015, MAAG launched its Employee Self-Service ("ESS") portal. Through the ESS portal, employee claims and leave applications are submitted online; thus, reducing the overall consumption of paper.

Workplace

The Company adopts employment policies and initiatives to ensure our working environment embraces health, safety, diversity, development, and recognition.

1. Occupational Safety and Health ("OSH") – stresses on employee safety, health and welfare and ensures that all activities are compliant with the standards of the Department of Occupational Safety and Health ("DOSH"). In 2015, MAAG's OSH Department conducted many activities such as; crime prevention awareness programme, organ donation drive, blood donation drive, team building, first aid courses and the compulsory annual fire drill and emergency evacuation exercise.

2. Staff Training – MAAG is committed to providing opportunities for growth. Staff training programmes are designed to suit various competency levels. For the year 2015, MAAG's employees were kept abreast of the latest industry development with trainings worth RM403,800.00.

3. Agency Training – Developing Professional Consultants are vital in the financial industry. In collaboration with University of Malaya Centre for Continuing Education ("UMCCed") for the Certified Agency Manager ("CAM") programme, 29 of our Agency Leaders were enrolled in 2015, and are expected to obtain their certification in March 2016.

4. Long Service Awards – Many of MAAG's employees are tenured staff. In 2015, a total of 22 employees completed 5 to 10 years of service, and 14 employees completed 15 to 30 years. Mementoes, certificates and cash were presented during the award ceremony.

5. Gymnasium and Exercise Classes – To promote a healthier lifestyle, a wide array of fitness facilities are available to staff, highly subsidised by the company. In 2015, MAAG organised its 2nd fitness challenge which attracted the participation of 87 employees. Winners took home cash prizes and complimentary gymnasium memberships.

6. Diversity and Non Discrimination – A stringent policy on Diversity and Non Discrimination is practised by the Company to promote equality and prevent any form of discrimination.

CORPORATE SOCIAL RESPONSIBILITY
(continued)







Community

1. MAA Medicare Charitable Foundation ("MAA Medicare"), a subsidiary of MAAG, is a non-governmental charity organisation established in 1994. It has 12 centres nationwide with over 220 dialysis machines, caring for more than 800 patients; all of whom have been pre-screened as needy individuals.

   Through subsidised affordable terms, the charity's key goal is to ensure that all centres operate on a break-even basis. With each dialysis centre now being self-sufficient, donations from the public are earmarked for new centres to cater for the growing number of Malaysians suffering from renal failure.

   MAA Medicare's Patient Welfare Fund - patients receive additional assistance to help ease their burden.

   Kids@Medicare Programme - patients' children are treated to an array of exciting activities throughout the year, apart from being provided with schooling aid.

   In 2015, MAA Medicare won the 'Gold and Excellence Awards' at the Asian Hospital Management Awards, held in Myanmar.

   Moving forward, MAA Medicare is in the midst of establishing its Cardiac Diagnostic Centre ("CDC") via its Heart Charity Fund. The CDC aims to allow patients access to high quality, state-of-the-art cardiac and vascular treatment, at a highly subsidised cost.

2. Another of the Company's charity arm is The Budimas Charitable Foundation ("Budimas"). Budimas was incorporated in 1998 under the royal patronage of DYMM Seri Paduka Baginda Raja Permaisuri Agong.

   For 18 years, Budimas has been working to improve the lives of children through specially planned programmes such as the Budimas Home Charity Fund ("BHCF"), Budimas Food Charity Fund ("BFCF") and Budimas Education Charity Fund ("BECF").

   - BHCF supports over 1,000 orphaned and underprivileged children in 20 charitable homes.
   - BFCF provides healthy breakfast to 5,000 children in 90 schools across Malaysia. Last year, the foundation started a breakfast programme for the refugee children in Puchong.
   - BECF constructs and equips children's libraries in poor and rural areas, particularly in Orang Asli settlements. Budimas' first children's library was launched in Kampung Orang Asli Bukit Kepong, Negeri Sembilan on February 15, 2015.







CORPORATE SOCIAL RESPONSIBILITY
(continued)

In 2015, Budimas organised a series of fundraising events and activities to help even more children;

- Budimas' Direct Debit Donor Programme – raised RM8.2 million
- Budimas' Direct Debit Mail Appeal – raised RM120,000
- Shell Raya Charity Drive – raised RM140,000
- BeautyExpo Charity Hair Cut – raised RM3,200
- Delivered aid to Kelantan flood victims
- Celebrated Hari Raya Puasa, Deepavali and Christmas with the Budimas children

3. Another subsidiary, MAA Takaful Berhad contributed a total of RM72,966.26 in cash and supplies toward the following initiatives;

   - Tube Wells Project for flood affected areas in Kelantan
   - Donation for flood victims
   - Donation for orphaned kids
   - Collaborative programme in solidarity with Chow Kit Kids
   - Collaborative programme in solidarity with Kompleks Darul Kifayah
   - "Kembali Ke Sekolah 2016" Programme
   - Qurban Programme
   - Science Discovery Day Programme for orphaned and less fortunate Kids
   - Earth Day Programme at the Zoo

4. In 2015, the Company also extended RM175,000 to support the following;

   - Malaysian Aids Foundation – RM105,000
   - Tube Wells Project for flood affected areas in Kelantan – RM30,000
   - Malaysian Grand Prix – RM20,000
   - Baktisiswa Community Project 2015 – RM15,000
   - 6th ASEAN International Chopin Piano Competition – RM5,000







FINANCIAL STATEMENTS 2015

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and providing management services, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year, other than the significant events as disclosed in Note 49 to the financial statements.

FINANCIAL RESULTS

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

	GROUP	COMPANY
	RM'000	RM'000
Profit/(loss) for the financial year attributable to:		
- Owner of the Company	24,630	(17,117)
- Non-controlling interests	(1,539)	-
	23,091	(17,117)

DIVIDENDS

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

(a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,000,302 on 30 April 2015; and

(b) a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,785,634 on 9 October 2015.

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

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

RESERVES AND PROVISIONS

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

TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed at the annual General Meeting on 28 May 2015, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buy-back plan can be applied in the best interest of the Company and its shareholders.

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

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

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

DIRECTORS

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

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

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

In accordance with Article 113(1) of the Company's Articles of Association, Tunku Dato' Yaacob Khyra and Dato' Narendrakumar Jasani A/L Chunilal Rugnath retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in the shares of the Company are as follows:

	Number of ordinary shares of RM1.00 each			
Company	At 1.1.2015	Acquired	Disposed	At 31.12.2015
Tunku Dato' Yaacob Khyra ("TY") - Indirect #	105,777,084	-	-	105,777,084
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY") - Indirect *	105,777,084	-	-	105,777,084
Tan Sri Ahmad bin Mohd Don	2,055,000	-	-	2,055,000
Tan Sri Datuk Seri Razman Md Hashim	150,000	-	-	150,000
Yeo Took Keat	80,000	-	-	80,000

\# Deemed interested by virtue of TY being the founder and ultimate beneficial owner of Khyra Legacy Berhad, being the holding company of Melewar Khyra Sdn Bhd, Melewar Equities Sdn Bhd and Melewar Equities (BVI) Ltd, who are the substantial shareholders of the Company.

* Under Section 6A(4) of the Companies Act, 1965, TYY is deemed interested in Khyra Legacy Berhad's deemed interest in the Company by virtue of his family relationship with TY.

By virtue of the above mentioned Directors' interests in the shares of the Company, they are also deemed to have a substantial interest in the shares of the subsidiaries of the Company to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration, fees paid to a company in which certain Directors have an interest and benefits provided to Directors as disclosed in Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT
(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

For the purpose of the above paragraph, contingent liabilities or other liabilities do not include liabilities arising from contracts of insurance/takaful underwritten in the ordinary course of business of the insurance/takaful subsidiaries of the Company.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the "Significant Events During The Financial Year And Subsequent To The Financial Year End" in this report and in Note 49 to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made, other than as disclosed in the "Significant Events During The Financial Year And Subsequent To The Financial Year End" in this report and in Note 49 to the financial statements.

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

(a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of the Listing Requirements, such as consolidated shareholders' equity of 25% or less of the issued and paid up share capital, a default in payment by the Group, the auditors having expressed an adverse or disclaimer opinion on the Company's latest audited accounts, etc.

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

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

The Extension of Time of up to 30 June 2016 for the Company to submit a regularisation plan is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

(i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 30 June 2016;

(ii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and

(iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

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

(b) On 20 May 2015, MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary of MAA Corporation Sdn Bhd ("MAA Corp"), who in turn a wholly owned subsidiary of the Company, disposed its entire equity interest held in a dormant subsidiary, MAACA Corporate Services Sdn Bhd ("MAACACS") that has ceased operations for a total cash consideration of RM10, arrived at on a willing-buyer and willing-seller basis after taking into considerations the net assets of MAACACS as at 30 April 2015 of RM10.

(c) On 16 June 2015, the Company announced that Bank Negara Malaysia ("BNM") had via its letter dated 15 June 2015 stated it has no objection in principle for the Company, Solidarity Group Holding BSC (Closed) ("Solidarity") (holding 25% equity interest in MAA Takaful Berhad ("MAA Takaful")) and Zurich Insurance Company Ltd ("Zurich") to commence negotiations for the proposal disposal of 100% equity interest held in MAA Takaful ("Proposed Disposal"). The Company, Solidarity and Zurich would be required to obtain the prior approval of the Minister of Finance, with the recommendation of BNM, pursuant to the Islamic Financial Services Act 2013, before entering into any agreement to effect the Proposed Disposal.

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

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

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

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

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

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

DIRECTORS' REPORT
(continued)

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 April 2016.

DATUK MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur
15 April 2016

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 68 to 202 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2015 and of the results and cash flows of the Group and the 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 15 April 2016.

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 68 to 202 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 15 April 2016, 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 68 to 201 which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the income statements, 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 entity'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 entity'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 2015 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 202 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
15 April 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	GROUP 31.12.2015 RM'000	GROUP 31.12.2014 RM'000	COMPANY 31.12.2015 RM'000	COMPANY 31.12.2014 RM'000
ASSETS					
Property, plant and equipment	4	14,575	17,297	1,906	1,789
Investment properties	5	19,356	14,846	-	-
Intangible assets	6	3,571	3,584	54	125
Subsidiaries	7	-	-	100,223	99,897
Associates	8	67,954	64,866	-	-
Deferred tax assets	9	2,334	3,820	-	-
Tax recoverable		340	1,258	-	-
Reinsurance/retakaful assets		270,408	301,426	-	-
Investments	10	587,382	600,248	19,131	53,709
Financial assets at fair value through profit or loss		354,855	321,005	-	-
Available-for-sale financial assets		144,710	210,714	-	34,647
Held-to-maturity financial assets		40,632	41,002	-	-
Loans and receivables	11	47,185	27,527	19,131	19,062
Insurance/takaful receivables	12	81,041	156,895	-	-
Trade and other receivables	13	40,338	52,798	39,383	45,847
Cash and cash equivalents	14	357,245	342,268	157,959	159,243
Assets classified as held for sale	15	6,393	-	-	-
TOTAL ASSETS		1,450,937	1,559,306	318,656	360,610
EQUITY, POLICYHOLDERS' FUND AND LIABILITIES					
LIABILITIES					
Insurance/takaful contract liabilities	16	846,792	847,128	-	-
Deferred tax liabilities	9	1,289	911	107	122
Insurance/takaful payables	17	88,321	209,677	-	-
Trade and other payables	18	71,079	57,543	2,555	2,184
Current tax liabilities		4,334	50	-	-
Liabilities directly associated with assets classified as held for sale	15	1,281	-	-	-
TOTAL LIABILITIES		1,013,096	1,115,309	2,662	2,306
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	19	292,693	304,354	292,693	304,354
Treasury shares	20	(444)	(1,312)	(444)	(1,312)
Retained earnings	21	112,643	113,845	12,084	55,033
Reserves	21	5,160	7,024	11,661	229
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		410,052	423,911	315,994	358,304
Non-controlling interests	7	27,789	20,086	-	-
TOTAL EQUITY		437,841	443,997	315,994	358,304
TOTAL EQUITY, POLICYHOLDERS' FUND AND LIABILITIES		1,450,937	1,559,306	318,656	360,610

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
Gross earned premiums/contributions	22	528,353	654,480	-	-
Premiums/contributions ceded to reinsurers/retakaful operators	22	(193,995)	(224,839)	-	-
Net earned premiums/contributions		334,358	429,641	-	-
Investment income	23	30,223	33,157	10,556	11,618
Realised gains and losses - net	24	660	22,191	(3,944)	(10)
Fair value gains and losses - net	25	15,321	(28,339)	-	-
Fee and commission income	26	41,876	43,924	-	-
Other operating revenue from non-insurance businesses	27	7,065	7,094	1,294	1,337
Other operating income/(expenses) - net	28	54,222	9,685	(472)	612
Other revenue		149,367	87,712	7,434	13,557
Total revenue		483,725	517,353	7,434	13,557
Gross benefits and claims paid	29	(290,329)	(331,100)	-	-
Claims ceded to reinsurers/retakaful operators	29	98,472	121,556	-	-
Gross change to contract liabilities	29	(13,426)	(132,056)	-	-
Change in contract liabilities ceded to reinsurers/retakaful operators	29	(27,821)	35,960	-	-
Net insurance/takaful benefits and claims		(233,104)	(305,640)	-	-
Fee and commission expenses		(97,315)	(102,615)	-	-
Management expenses	30	(119,646)	(108,580)	(24,566)	(15,903)
Expense liabilities		(377)	(2,525)	-	-
Finance costs	31	-	(325)	-	-
Other expenses		(217,338)	(214,045)	(24,566)	(15,903)
Share of profit of associates, net of tax		3,790	2,320	-	-
Profit/(loss) before zakat		37,073	(12)	(17,132)	(2,346)
Zakat		(72)	-	-	-
Profit/(loss) after zakat before taxation		37,001	(12)	(17,132)	(2,346)
Tax (expenses)/income attributable to participants		(3,004)	1,782	-	-
Profit/(loss) before taxation for Shareholders' fund		33,997	1,770	(17,132)	(2,346)
Taxation	32	(12,539)	352	15	(130)
Tax expenses/(income) attributable to participants		3,004	(1,782)	-	-
Tax expenses attributable to Shareholders' fund		(9,535)	(1,430)	15	(130)
Profit/(loss) for the financial year from continuing operations		24,462	340	(17,117)	(2,476)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
(continued)

	Note	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
DISCONTINUED OPERATIONS					
(Loss)/profit before taxation	33	(1,371)	17,474	-	12,500
Taxation	32	-	(21)	-	-
(Loss)/profit for the financial year from discontinued operations	33	(1,371)	17,453	-	12,500
Profit for the financial year		23,091	17,793	(17,117)	10,024
Profit/(loss) for the financial year attributable to:					
- Owners of the Company		24,630	16,742	(17,117)	10,024
- Non-controlling interests		(1,539)	1,051	-	-
		23,091	17,793	(17,117)	10,024
Basic earnings/(loss) per ordinary share attributable to owners of the Company:					
- Continuing operations	35	8.73	(0.43)		
- Discontinued operations	35	(0.46)	5.93		
		8.27	5.50		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Profit/(loss) for the financial year		23,091	17,793	(17,117)	10,024
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences	21	(10,606)	(4,029)	-	-
Fair value changes of available-for-sale financial assets					
- Gross fair value changes	10	(1,020)	(1,697)	224	188
- Transferred to Income Statement upon disposal of available-for-sale financial assets		(822)	(831)	(453)	-
- Deferred tax	9	(18)	219	-	-
		(1,860)	(2,309)	(229)	188
Changes in insurance/takaful contract liabilities arising from unrealised net fair value changes	16	(338)	216	-	-
Arising from deconsolidation of subsidiary		(19)	-	-	-
		(2,217)	(2,093)	(229)	188
Share of fair value changes of available-for-sale financial assets of associates	8	(702)	2,913	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(13,525)	(3,209)	(229)	188
Total comprehensive income/(loss) for the financial year		9,566	14,584	(17,346)	10,212
Total comprehensive income/(loss) for the financial year attributable to:					
- Owners of the Company		11,105	13,533	(17,346)	10,212
- Non-controlling interests		(1,539)	1,051	-	-
		9,566	14,584	(17,346)	10,212
Total comprehensive income/(loss) for the financial year attributable to owners of the Company:					
- Continuing operations		12,476	(4,509)	(17,346)	10,212
- Discontinued operations		(1,371)	18,042	-	-
		11,105	13,533	(17,346)	10,212

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		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 2014		304,354	304,354	-	-	116,594	10,448	431,396	19,220	450,616
Profit for the financial year	21	-	-	-	-	16,742	-	16,742	1,051	17,793
Transfer of revaluation reserves to retained earnings arising from disposal of subsidiary	21	-	-	-	-	215	(215)	-	-	-
Other comprehensive loss for the financial year	21	-	-	-	-	-	(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	20	-	-	(2,025)	(1,312)	-	-	(1,312)		(1,312)
Interim dividends paid	34	-	-	-	-	(18,262)	-	(18,262)	-	(18,262)
Transactions with non-controlling interests	37(a)	-	-	-	-	(1,444)	-	(1,444)	(185)	(1,629)
At 31 December 2014 / 1 January 2015		304,354	304,354	(2,025)	(1,312)	113,845	7,024	423,911	20,086	443,997
Profit/(loss) for the financial year	21	-	-	-	-	24,630	-	24,630	(1,539)	23,091
Other comprehensive loss for the financial year	21	-	-	-	-	-	(13,525)	(13,525)	-	(13,525)
Total comprehensive income/(loss) for the financial year		-	-	-	-	24,630	(13,525)	11,105	(1,539)	9,566
Share buy-back	20	-	-	(10,145)	(7,178)	-	-	(7,178)	-	(7,178)
Cancellation of treasury shares	20	(11,661)	(11,661)	11,661	8,046	(8,046)	11,661	-	-	-
Interim dividends paid	34	-	-	-	-	(17,786)	-	(17,786)	-	(17,786)
Transactions with non-controlling interests	38	-	-	-	-	-	-	-	9,242	9,242
At 31 December 2015		292,693	292,693	(509)	(444)	112,643	5,160	410,052	27,789	437,841

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		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	RM'000	'000	RM'000	RM'000	RM'000
At 1 January 2014		304,354	304,354	41	-	-	63,271	367,666
Profit for the financial year	21	-	-	-	-	-	10,024	10,024
Other comprehensive income for the financial year	21	-	-	188	-	-	-	188
Total comprehensive income for the financial year		-	-	188	-	-	10,024	10,212
Share buy-back	20	-	-	-	(2,025)	(1,312)	-	(1,312)
Interim dividends paid	34	-	-	-	-	-	(18,262)	(18,262)
At 31 December 2014 / 1 January 2015		304,354	304,354	229	(2,025)	(1,312)	55,033	358,304
Loss for the financial year	21	-	-	-	-	-	(17,117)	(17,117)
Other comprehensive loss for the financial year	21	-	-	(229)	-	-	-	(229)
Total comprehensive loss for the financial year		-	-	(229)	-	-	(17,117)	(17,346)
Share buy-back	20	-	-	-	(10,145)	(7,178)	-	(7,178)
Cancellation of treasury shares	20	(11,661)	(11,661)	11,661	11,661	8,046	(8,046)	-
Interim dividends paid	34	-	-	-	-	-	(17,786)	(17,786)
At 31 December 2015		292,693	292,693	11,661	(509)	(444)	12,084	315,994

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

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		RM'000	RM'000
Profit for the financial year from continuing operations		24,462	340
Investment income		(30,223)	(33,157)
Realised gains and losses		(660)	(22,191)
Fair value gains and losses		(15,321)	28,339
Allowance for impairment loss on loans and receivables		(92)	5,174
Finance costs		-	325
Purchases of financial assets		(445,773)	(378,942)
Proceeds from disposal of financial assets		493,284	348,220
Non-cash items:			
Depreciation of property, plant and equipment		3,341	3,399
Amortisation of leases		2	2
Amortisation of intangible assets		1,449	1,204
Property, plant and equipment written off		66	298
Allowance for impairment loss on property, plant and equipment		838	44
(Write back of)/allowance for impairment loss on insurance/takaful receivables		(6,164)	6,737
Allowance for/(write back of) impairment loss on trade and other receivables		8,452	(393)
Bad debts written off/(recovered)		82	(94)
Unrealised foreign exchange gain		(3,960)	(205)
Loss on derecognition of an associate		-	108
Net gain after impairment loss from deconsolidation of a subsidiary		(48,324)	-
Share of profit of associates		(3,790)	(2,320)
Tax expense/(income)		12,539	(352)
Changes in working capital:			
Increase in loans and receivables		(1,307)	(4,980)
Decrease/(increase) in reinsurance/retakaful assets		24,509	(43,602)
Decrease/(increase) in insurance/takaful receivables		25,616	(112,710)
Decrease in trade and other receivables		6,249	63,100
Increase in insurance/takaful contract liabilities		34,183	169,392
Decrease in investment contract liabilities		-	(4,057)
(Decrease)/increase in insurance/takaful payables		(37,113)	98,607
Increase/(decrease) in trade and other payables		14,877	(42,070)
Cash generated from operating activities		57,222	80,216
Investment income received		31,676	30,765
Finance cost paid		-	(325)
Income tax paid		(6,044)	(8,209)
Income tax refund		578	1,831
Dividend paid		(17,786)	(18,262)
Net cash inflow from operating activities (continuing operations)		65,646	86,016
Net cash (outflow)/inflow from operating activities (discontinued operations)		(1,481)	14,810

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
(continued)

	Note	2015	2014
		RM'000	RM'000
Investing activities:			
Proceeds from disposal of property, plant and equipment		41	196
Purchase of property, plant and equipment		(1,681)	(1,782)
Proceeds from disposal of intangible assets		-	15
Purchase of intangible assets		(1,461)	(1,817)
Decrease in fixed and call deposits		(18,833)	81,310
Net cash outflow from deconsolidation of a subsidiary	38	(1,094)	-
Net cash (outflow)/inflow from disposal of discontinued operations, net of transaction costs, deferred consideration and cash disposed	36	(9)	27
Net cash (outflow)/inflow from investing activities (continuing operations)		(23,037)	77,949
Net cash outflow from investing activities (discontinued operations)		-	-
Financing activities:			
Purchase of treasury shares		(7,178)	(1,312)
Repayment of borrowings		-	(4,715)
Acquisition of additional shares in subsidiaries	37	-	(1,600)
Net cash outflow from financing activities (continuing operations)		(7,178)	(7,627)
Net increase in cash and cash equivalents (continuing operations)		35,431	156,338
Net (decrease)/increase in cash and cash equivalents (discontinued operations)		(1,481)	14,810
Currency translation differences		(18,973)	(6,005)
Cash and cash equivalents at beginning of financial year		342,268	177,125
Cash and cash equivalents at end of financial year	14	357,245	342,268

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

COMPANY STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		RM'000	RM'000
(Loss)/profit for the financial year		(17,117)	10,024
Investment income		(10,556)	(11,618)
Realised gains and losses		3,944	10
Allowance for/(write back of) impairment loss on investments in subsidiaries		1,274	(1,118)
(Write back of)/allowance for impairment loss on amounts due from subsidiaries		(462)	570
Allowance for impairment loss on other receivables		7,000	43
Non-cash items:			
Depreciation of property, plant and equipment		423	425
Property, plant and equipments written off		-	46
Amortisation of intangible assets		71	72
Tax (income)/expenses		(15)	130
Changes in working capital:			
(Increase)/decrease in loans and receivables		(69)	38
(Increase)/decrease in trade and other receivables		(2,176)	56,380
Increase/(decrease) in trade and other payables		371	(44,787)
Cash (utilised in)/generated from operating activities		(17,312)	10,215
Investment income received		7,557	9,082
Income tax refund		-	1,795
Dividends paid		(17,786)	(18,262)
Net cash (outflow)/inflow from operating activities		(27,541)	2,830
Investing activities:			
Decrease in fixed and call deposits		1,284	81,503
Proceed from redemption of redeemable preference shares		-	40,000
Proceeds from disposal of investments		30,137	-
Increase in investment in a subsidiary		(1,600)	-
Repayment of advances due from subsidiaries		4,180	3,727
Proceeds from disposal of property, plant and equipment		36	5
Proceeds from disposal of intangible assets		-	15
Purchase of property, plant and equipment		(602)	(99)
Purchase of intangible assets		-	(35)
Net cash inflow from investing activities		33,435	125,116
Financing activities:			
Purchase of treasury shares		(7,178)	(1,312)
Net cash outflow from financing activities		(7,178)	(1,312)
Net (decrease)/increase in cash and cash equivalents		(1,284)	126,634
Cash and cash equivalents at beginning of financial year		159,243	32,609
Cash and cash equivalents at end of financial year	14	157,959	159,243

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

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 49 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

Suite 12.03,12th 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 15 April 2016.

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 2015 represent MAACA Corporate Services Sdn Bhd, a subsidiary disposed during the financial year and MAA Cards Sdn Bhd, a subsidiary where the Group had signed a conditional Share Sale Agreement for the proposed disposal of the company as disclosed in Note 49(b) and (d) to the financial statements respectively, whereas the discontinued operations for the preceding financial year ended 31 December 2014 represent Chelsea Parking Services Sdn Bhd, Nilam Timur Sdn Bhd and MAACA Labuan Ltd which were disposed during that year. However, to conform to the current financial year's presentation of financial statements, the preceding financial year's results of these subsidiaries 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 amendments and improvements to MFRSs have been adopted by the Group and the Company for the financial year beginning on or after 1 January 2015:

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle
- Amendments to MFRS 119 "Defined Benefit Plans: Employees Contributions"

The adoption of the Annual Improvements to MFRSs 2010 – 2012 Cycle has required additional disclosures about the aggregation of segments. Other than that, the adoption of these amendments did not have any impact on the current or any prior financial year and are not likely to affect future financial periods.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.1 **Basis of preparation** (continued)

(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 2016

- Amendments to MFRS 116 'Property, plant and equipment' and MFRS 138 'Intangible assets' clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Effective from financial year beginning on/after 1 January 2018

- MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  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 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.

  MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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 to direct the relevant activities of 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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 and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, 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 interests 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 interests 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, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(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 transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(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.

Gains or losses on the disposal of subsidiaries include the carrying amounts of goodwill relating to the subsidiaries sold.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint 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 in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the associate in income statements, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in 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 long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments in behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

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.

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.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognized in other comprehensive income in respect of the entity is 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.

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 income statement where appropriate.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(b) Depreciation and residual value (continued)

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).

(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 through formal valuations by independent professional valuers.

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 income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets

Computer software

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.

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 which are independent of the cash inflows from other assets or group of assets (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 if their carrying amounts will be recoverable principally through a sale transaction rather than through continue use and the sale is considered highly probable. They are stated at the lower of carrying amounts and fair values less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically except from this requirement.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(a) Classification (continued)

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.

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 that are directly attributable to the acquisition of the financial asset 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

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

Assets carried at amortised cost (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.12 Financial instruments (continued)

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.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Other receivables generally arise from transactions outside the usual operating activities of the Group. 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 and other receivables are recognised initially at fair values and subsequently measured at amortised costs using the effective interest method, less provision for impairment loss. See accounting policy Note 2.9 on impairment of non-financial assets.

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.

2.19 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

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

Cash and cash equivalents include cash and bank balances and fixed and call deposits with financial institutions, 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.

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 management's 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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.28 **Reinsurance/retakaful** (continued)

The Group also assumes reinsurance/retakaful risk in the normal course of business for 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.

<u>Gross premiums</u>

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.

<u>Reinsurance premiums</u>

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.

<u>Premium liabilities</u>

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Insurance contracts - General insurance business (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.30 Takaful contracts - General takaful business (continued)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS
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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 Other revenue recognition

Interest and profit income

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.

Rental income

Rental income on investment property is recognised on receipt basis.

Dividend income

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

Other fee income

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

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.37 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.

<u>Current tax</u>

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.

<u>Deferred tax</u>

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.

2.38 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.

2.39 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.

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(continued)

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 incurred under insurance/takaful contracts, 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/contracts, 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 including the chain ladder and Bornheutter Ferguson 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 unexpired risk reserve ("UCR") is higher than the total unearned premium/contribution reserve 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 computation 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 higher of Unearned Tabarru' Reserve ("UTR") or 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. For medical riders, the reserves are calculated as the higher of the unexpired risk reserve or the UTR.

  In addition, the incurred but not reported claims ("IBNR") are also reserved for Medical riders. From the experience study, 1 month average net claims are assumed in calculating the IBNR for Medical riders.

  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 remaining term of the certificate, discounted using risk free spot rates of returns.

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)

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

  This fund consists of six products, CancerCare, SmartMedic, Medica*2015*, Patina*2016*, 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 UTR using 1/24th method. For the death benefit, the reserve is calculated by taking the higher of UTR or Gross Premium Valuation ("GPV"), where GPV is using M9903 mortality table discounted at risk free spot rates of returns.

  SmartMedic is an individual Hospital and Surgical product with guaranteed renewability up to age 79. It also provides an additional benefit for funeral expense, which is payable upon death due to all causes. The reserve is calculated at the higher of UTR or URR. The UTR is calculated by taking half of the monthly drip at the valuation date. The contribution reserve is calculated as 100% of UTR using 1/24th method. URR is a percentage of unearned medical tabarru' where the percentage is determined by analysing the product's loss ratio by certificate year. 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 79. 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 reserve is set aside in similar manner to SmartMedic reserving.

  Patina*2016* is a standalone Personal Accident product with guaranteed renewability up to age 75. The reserve is calculated at the higher of UTR or total present value of future deficits, determined at certificate level. The UTR is calculated as 100% of UTR using 1/24th method or the present value of future deficits determined using the risk free spot rates of return and claims assumptions at 75% confidence level.

  The reserves for Takafulife Series and Term 80 are calculated at the higher of UTR or total present value of future deficits, determined at certificate level. The UTR 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 Group products namely Group Term takaful ("GTT"), Group Comprehensive Takaful Scheme ("GCTS"), Group Mortgage Protection Plan and Group Decreasing Term.

  The reserve for GTT and GCTS are calculated as 100% of UTR using the 1/24th method. The reserve for Group Mortgage Protection Plan and Group Decreasing Term are computed based on GPV method, discounted at the risk free spot rates of returns. Additional provision of 4.5 months and 5.5 months of average claims are set aside for IBNR death and critical illness claims respectively.

(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. The UER comprises of three components, namely 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. 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 2015
(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 2014	2,402	30,542	4,861	4,808	1,015	43,628
Additions	-	1,342	4	436	-	1,782
Transferred from other assets classified as held for sale (Note 15 (B))	178	-	-	-	-	178
Arising from the disposed subsidiaries (Note 36(c) and (d))	(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 / 1 January 2015	178	22,753	4,106	4,860	1,015	32,912
Additions	-	1,031	627	23	-	1,681
Transferred to assets classified as held for sale (Note 15 (A))	-	(69)	-	-	-	(69)
Arising from deconsolidation of a subsidiary (Note 38)	-	(298)	(153)	-	-	(451)
Transferred to intangible assets (Note 6)	-	(30)	-	-	-	(30)
Disposals	-	(549)	(1,358)	-	-	(1,907)
Write off	-	(92)	-	-	-	(92)
At 31 December 2015	178	22,746	3,222	4,883	1,015	32,044

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 2014	30	17,349	3,333	1,073	-	21,785
Depreciation for the financial year (Note 30)	-	2,546	390	475	63	3,474
Amortisation for the financial year (Note 30)	25	-	-	-	-	25
Arising from the disposed subsidiaries (Note 36(c) and (d))	(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 / 1 January 2015	2	11,002	3,034	1,470	63	15,571
Depreciation for the financial year (Note 30)	-	2,521	323	447	64	3,355
Amortisation for the financial year (Note 30)	2	-	-	-	-	2
Transferred to assets classified as held for sale (Note 15 (A))	-	(50)	-	-	-	(50)
Arising from deconsolidation of a subsidiary (Note 38)	-	(269)	(153)	-	-	(422)
Transferred to intangible assets (Note 6)	-	(7)	-	-	-	(7)
Disposals	-	(537)	(1,299)	-	-	(1,836)
Write off	-	(26)	-	-	-	(26)
At 31 December 2015	4	12,634	1,905	1,917	127	16,587

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(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 2014	-	-	-	-	-	-
Impairment loss for the financial year (Note 28)	44	-	-	-	-	44
At 31 December 2014 / 1 January 2015	44	-	-	-	-	44
Impairment loss for the financial year (Note 28)	-	-	-	-	838	838
At 31 December 2015	44	-	-	-	838	882
Net book value						
At 31 December 2014	132	11,751	1,072	3,390	952	17,297
At 31 December 2015	130	10,112	1,317	2,966	50	14,575

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 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 January 2015	1,305	2,092	774	4,171
Additions	53	549	-	602
Disposals	(12)	(589)	-	(601)
Write off	(4)	-	-	(4)
At 31 December 2015	1,342	2,052	774	4,168
Accumulated depreciation				
At 1 January 2014	487	1,377	159	2,023
Depreciation for the financial year (Note 30)	139	209	77	425
Disposals	(18)	-	-	(18)
Write off	(42)	(1)	(5)	(48)
At 31 December 2014 / 1 January 2015	566	1,585	231	2,382
Depreciation for the financial year (Note 30)	141	205	77	423
Disposals	(8)	(531)	-	(539)
Write off	(4)	-	-	(4)
At 31 December 2015	695	1,259	308	2,262
Net book value				
At 31 December 2014	739	507	543	1,789
At 31 December 2015	647	793	466	1,906

5 INVESTMENT PROPERTIES

	GROUP	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
At 1 January	14,846	12,500
Fair value gains – net (Note 25)	1,778	2,021
Currency translation differences	2,732	325
At 31 December	19,356	14,846
Comprising:		
Leasehold land and buildings	19,356	14,846

Investment properties are stated at fair values, 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 value using the direct sale comparison. The fair value gain is 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 2015	-	9,669	9,687	19,356
31 December 2014	-	6,840	8,006	14,846

The investment properties under Level 2 of the fair value hierarchy are 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 characteristics to arrive at the fair values.

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 Company'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 with fair value of RM8,005,760 previously under Level 2 had been transferred to Level 3 fair value hierarchy due to the significant unobservable inputs used in the valuation techniques.

5 **INVESTMENT PROPERTIES** (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Investment property	Fair value as at 31 December 2015	Valuation technique	Range of average price per square meter	Relationship of unobservable inputs to fair value
	RM'000		RM	
Nagasutra Villa, Bali	9,687	Comparison approach	3,784 to 4,776	The higher the average price per square meter, the higher the fair value

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

The income and related expenses of the investment properties are as follows:

	GROUP	
	31.12.2015	31.12.2014
	RM'000	RM'000
Rental income (Note 23)	163	117
Direct operating expenses of investment properties	(543)	(622)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

6 INTANGIBLE ASSETS

GROUP

	Computer software	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Cost		
At 1 January	12,149	10,347
Additions	1,461	1,817
Disposals	-	(15)
Transferred to assets classified as held for sale (Note 15(A))	(120)	-
Transferred from property, plant and equipment (Note 4)	30	-
At 31 December	13,520	12,149
Accumulated amortisation		
At 1 January	8,565	7,340
Amortisation for the financial year (Note 30)	1,473	1,228
Disposals	-	(3)
Transferred to assets classified as held for sale (Note 15(A))	(96)	-
Transferred from property, plant and equipment (Note 4)	7	-
At 31 December	9,949	8,565
Net carrying amount	3,571	3,584

6 **INTANGIBLE ASSETS** (continued)

COMPANY

	Computer software	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Cost		
At 1 January	583	563
Additions	-	35
Disposals	-	(15)
At 31 December	583	583
Accumulated amortisation		
At 1 January	458	389
Amortisation for the financial year (Note 30)	71	72
Disposals	-	(3)
At 31 December	529	458
Net carrying amount	54	125

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

7 SUBSIDIARIES

	COMPANY	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Investments in subsidiaries, at cost	227,228	225,628
Less: Accumulated impairment loss	(127,005)	(125,731)
	100,223	99,897

A reconciliation of the allowance for impairment loss on investments in subsidiaries is as follows:

	COMPANY	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
At 1 January	125,731	126,849
Allowance for/(write back of) impairment loss (Note 28)	1,274	(1,118)
At 31 December	127,005	125,731

Details of the subsidiaries are as follows:

		31.12.2015		31.12.2014		
Name of company	**Country of 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	-	Providing property management services and investment holding
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	-	Investment holding
MAA Holdings (BVI) Ltd	British Virgin Islands	100	-	100	-	Providing insurance technical and financial consultancy services
MAA Corporate Advisory Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	31.12.2015 Group's effective interest	31.12.2015 Non-controlling interests	31.12.2014 Group's effective interest	31.12.2014 Non-controlling interests	Principal activities
		%	%	%	%	
Subsidiaries of MAA Corp (continued)						
MAA International Corporation Ltd	Malaysia	100	-	100	-	Investment holding
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 services
# MaaxSite Sdn Bhd	Malaysia	100	-	100	-	Dormant
# MaaxClub Sdn Bhd	Malaysia	100	-	100	-	Dormant
Subsidiary of MAA Corporate Advisory Sdn Bhd						
MAACA Corporate Services Sdn Bhd(1)	Malaysia	-	-	100	-	Dormant
Subsidiary of MAA International Assurance Ltd						
# PT MAA General Assurance(2)	Indonesia	-	-	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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	31.12.2015 Group's effective interest	31.12.2015 Non-controlling interests	31.12.2014 Group's effective interest	31.12.2014 Non-controlling interests	Principal activities
		%	%	%	%	
Subsidiaries of MAA Corp and MAA Credit Berhad						
#Pusat Tuisyen Kasturi Sdn Bhd	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres and investment holding
#Keris Murni Sdn Bhd(3)	Malaysia	100	-	100	-	Investment holding
Subsidiary of Pusat Tuisyen Kasturi Sdn Bhd						
#Pelangi Tegas Sdn Bhd(3)	Malaysia	100	-	100	-	Inactive
Subsidiaries of Keris Murni Sdn Bhd						
#Genting Mutiara Sdn Bhd(3)	Malaysia	100	-	100	-	Inactive
#Jaguh Suria Sdn Bhd(3)	Malaysia	100	-	100	-	Inactive
#Indopelangi Sdn Bhd	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres

Subsidiaries not audited by PricewaterhouseCoopers Malaysia.

(1) Disposed during the financial year.

(2) Under shareholder voluntary liquidation during the financial year and ceased to be a subsidiary on 1 December 2015.

(3) Ceased tuition centre education services during the financial year.

7 SUBSIDIARIES (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	MAA Takaful Berhad	PT MAA General Assurance	Total
	RM'000	RM'000	RM'000
31 December 2015			
NCI percentage of ownership interest and voting interest	25%	-	
Carrying amount of NCI	27,789	-	27,789
31 December 2014			
NCI percentage of ownership interest and voting interest	25%	17%	
Carrying amount of NCI	29,443	(9,357)	20,086

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	
	31.12.2015	31.12.2014	31.12.2015(N1)	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Non-current assets	234,780	264,842	-	2,106
Current assets	868,146	833,672	-	63,830
Non-current liabilities	(133,917)	(107,472)	-	-
Current liabilities	(858,821)	(874,196)	-	(119,426)
Net assets/(liabilities)	110,188	116,846	-	(53,490)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

7 SUBSIDIARIES (continued)

Set out below is the summarised financial information for subsidiaries that have material NCI: (continued)

Summarised income statements and statement of other comprehensive income

	MAA Takaful Berhad		PT MAA General Assurance	
	Financial year ended 31 December		Financial period ended 30 November	Financial year ended 31 December
	2015	2014	2015[N1]	2014
	RM'000	RM'000	RM'000	RM'000
Operating revenue	548,980	676,429	165	290
Profit/(loss) before taxation	2,813	(3,708)	675	16,991
Taxation	(9,425)	(1,225)	-	-
Loss/(profit) for the financial year	(6,612)	(4,933)	675	16,991
Other comprehensive (loss)/income for the financial year	(46)	(490)	(58)	80
Total comprehensive (loss)/income for the financial year	(6,658)	(5,423)	617	17,071
Total comprehensive (loss)/income allocated to NCI	(1,654)	(1,232)	115	2,889
Dividends paid to NCI	-	-		-

Summarised statement of cash flows

	MAA Takaful Berhad		PT MAA General Assurance	
	Financial year ended 31 December		Financial period ended 30 November	Financial year ended 31 December
	2015	2014	2015[N1]	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from:				
Operating activities	6,065	6,161	(680)	(12,150)
Investing activities	(2,383)	(3,022)	307	242
Financing activities	-	-	640	11,398
Net increase/(decrease) in cash and cash equivalents	3,682	3,139	267	(510)
Cash and cash equivalents at beginning of financial year	13,821	10,682	827	1,337
Cash and cash equivalents at end of financial year	17,503	13,821	1,094	827

The financial information above comprised of the amounts before inter-company elimination.

[N1] As disclosed in Note 38 to the financial statements, PT MAA General Assurance ceased to be a subsidiary on 1 December 2015, thus there is no summarised statement of financial position as at 31 December 2015 and only eleven (11) months results of the company ended 30 November 2015 were included in group consolidated accounts for the financial year ended 31 December 2015.

8 ASSOCIATES

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	71,997	71,997	100	100
Less: Accumulated impairment loss	(7,650)	(7,650)	(100)	(100)
	64,347	64,347	-	-
Share of post acquisition profit	3,871	81	-	-
Share of other comprehensive (loss)/income	(264)	438	-	-
	67,954	64,866	-	-

The details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 31.12.2015	Group's effective interest 31.12.2014	Principal activities
		%	%	
MAA Bancwell Trustee Berhad	Malaysia	49	49	Inactive
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 (1)	Malaysia	-	40	Fund management and investment advisory services
Meridian Asset Management (Asia) Ltd (2)	Malaysia	-	40	Fund management and investment advisory services

(1) Under liquidation by the order of High Court on 7 August 2015

(2) Disposed during the financial year

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Non-current assets	4,362,157	3,512,543	2,102	1,924
Current asset	172,125	140,831	211,236	164,964
Non-current liabilities	(4,462,447)	(3,594,769)	-	-
Current liabilities	(25,593)	(19,159)	(143,659)	(111,439)
Net assets	46,242	39,446	69,679	55,449
% of shareholding	48%	48%	40%	40%
Share of net assets	22,173	18,914	27,872	22,179
Goodwill	25,097	25,097	2,531	2,531
Currency translation differences	(2,479)	(531)	(7,240)	(3,324)
Carrying value of the Group's interest in associates	44,791	43,480	23,163	21,386

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Operating revenue	209,886	255,820	78,531	49,367
Profit before taxation	3,933	1,005	7,657	5,772
Taxation	(1,199)	(490)	(1,461)	(589)
Profit for the financial year	2,734	515	6,196	5,183
Other comprehensive (loss)/income for the financial year	-	-	(1,308)	7,212
Total comprehensive income for the financial year	2,734	515	4,888	12,395
Dividends received from associates	-	-	-	-

8 ASSOCIATES (continued)

Reconciliation of summarised financial information

A reconciliation of the summarised financial information presented to the carrying value of the Group's interest in associates is as follow:

	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 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 investments(*)				
- Cost of investment	-	-	(57)	(57)
- Share of post acquisition loss	-	-	(1,807)	(1,807)
	-	-	(1,864)	(1,864)
At 31 December 2014 / 1 January 2015	43,480	21,386	-	64,866
Share of profit	1,311	2,479	-	3,790
Share of other comprehensive loss	-	(702)	-	(702)
At 31 December 2015	44,791	23,163	-	67,954

(*) During the previous 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 had significant influence over Nishio Rent (All) Sdn Bhd. Consequently the investment was derecognised as an associate and reclassified to AFS investments.

Unrecognised share of losses of associate

	Meridian Assets Management Holdings Sdn Bhd	
	Financial year ended 31 December	
	2015	2014
	RM'000	RM'000
Loss after taxation	(1,146)	(17,876)
Interest in associate	40%	40%
Unrecognised share of loss of associate	(458)	(7,150)

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(continued)

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

				31.12.2015
	Shareholders' fund	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	-	2,334	-	2,334
Deferred tax liabilities	(900)	-	(389)	(1,289)
	(900)	2,334	(389)	1,045
Current	-	-	(401)	(401)
Non-current	(900)	2,334	12	1,446
	(900)	2,334	(389)	1,045
At 1 January 2015	(911)	3,213	607	2,909
Credited/(charged) to income statement (Note 32):				
- property, plant and equipment	275	-	-	275
- financial assets at FVTPL	(22)	-	(968)	(990)
- allowance for impairment loss	-	(874)	-	(874)
- expense liabilities	(257)	-	-	(257)
	(4)	(874)	(968)	(1,846)
Credited to other comprehensive income:				
- AFS financial assets	15	-	-	15
Charged to takaful contract liabilities:				
- AFS financial assets	-	(5)	(28)	(33)
At 31 December 2015	(900)	2,334	(389)	1,045
Subject to income tax:				
Deferred tax assets (before offsetting)				
AFS financial assets	79	71	-	150
Allowance for impairment loss	-	2,263	-	2,263
Expense liabilities	838	-	-	838
Unutilised tax losses	137	-	-	137
	1,054	2,334	-	3,388
Offsetting	(1,054)	-	-	(1,054)
Deferred tax assets (after offsetting)	-	2,334	-	2,334
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(1,935)	-	-	(1,935)
AFS financial assets	-	-	(22)	(22)
Financial assets at FVTPL	(19)	-	(367)	(386)
	(1,954)	-	(389)	(2,343)
Offsetting	1,054	-	-	1,054
Deferred tax liabilities (after offsetting)	(900)	-	(389)	(1,289)

9 **DEFERRED TAX** (continued)

GROUP

				31.12.2014
	Shareholders' fund	**General takaful fund**	**Family takaful fund**	**Total**
	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 32):				
- 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:				
Deferred tax assets (before offsetting)				
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
Deferred tax liabilities (before offsetting)				
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)

	COMPANY	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Non-current		
Deferred tax liabilities	(107)	(122)
At 1 January	(122)	(129)
Credited to income statement (Note 32):		
- property, plant and equipment	15	7
At 31 December	(107)	(122)
Subject to income tax:		
<u>Deferred tax liabilities (before and after offsetting)</u>		
Property, plant and equipment	(107)	(122)

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 future taxable profit will be available to allow all or part of the deferred tax assets to be utilised, are as follows:

	GROUP	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Deductible temporary differences	1,370	1,444
Unutilised tax losses	170,378	176,438
Unabsorbed capital allowances	8,936	8,937
	180,684	186,819

10 INVESTMENTS

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Guaranteed Financing	40,632	41,002	-	-
Corporate debt securities	-	34,647	-	34,647
Government debt securities	-	1,544	-	-
Islamic debt securities	168,738	233,087	-	-
Syariah-approved equity securities	80,396	221,582	-	-
Equity securities	29,972	29,426	-	-
Investment-linked units	218,518	9,487	-	-
Unit trusts	1,941	1,946	-	-
Loans	6,957	5,640	4	-
Fixed and call deposits with licensed banks	40,228	21,887	19,127	19,062
	587,382	600,248	19,131	53,709

The Group's and the Company's investments are summarised by categories as follows:

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVTPL")	354,855	321,005	-	-
Available-for-sale ("AFS") financial assets	144,710	210,714	-	34,647
Held-to-maturity ("HTM") financial assets	40,632	41,002	-	-
Loans and receivables ("LAR") (Note 11)	47,185	27,527	19,131	19,062
	587,382	600,248	19,131	53,709
The following investments mature after 12 months:				
AFS financial assets	114,738	146,659	-	-
HTM financial assets	40,632	41,002	-	-
LAR (Note 11)	18	25	2	-
	155,388	187,686	2	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

10 INVESTMENTS (continued)

	GROUP		COMPANY	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	1,873	1,874	-	-
Unit trusts quoted outside Malaysia	68	72	-	-
Investment-linked units	218,518	9,487	-	-
	220,459	11,433	-	-
Designated at FVTPL:				
Shariah-approved equity securities quoted in Malaysia	80,396	221,582	-	-
Islamic debt securities unquoted in Malaysia	54,000	87,990	-	-
	134,396	309,572	-	-
	354,855	321,005	-	-
(b) AFS financial assets				
Fair value:				
Equity securities unquoted in Malaysia	1,523	1,523	-	-
Equity securities quoted outside Malaysia	-	318	-	-
Equity securities unquoted outside Malaysia	28,449	27,585	-	-
Corporate debt securities unquoted in Malaysia	-	34,647	-	34,647
Government debt securities unquoted outside Malaysia	-	1,544	-	-
Islamic debt securities unquoted in Malaysia	114,738	145,097	-	-
	144,710	210,714	-	34,647
(c) HTM financial assets				
Amortised cost:				
Malaysian Government Guaranteed Financing	40,632	41,002	-	-
Fair value:				
Malaysian Government Guaranteed Financing	39,242	39,613	-	-

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	AFS	HTM	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	294,722	214,361	40,881	549,964
Reclassification from other receivables	-	234	-	234
Arising from derecognition of an associate	-	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 25)	(30,360)	-	-	(30,360)
Other comprehensive income/(loss)				
- 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 premiums (Note 23)	-	(945)	(1)	(946)
Arising from disposed subsidiary (Note 36(c))	-	(620)	-	(620)
Currency translation differences	(123)	1,751	-	1,628
At 31 December 2014 / 1 January 2015	321,005	210,714	41,002	572,721
Purchases	409,769	36,004	-	445,773
Disposals including maturities and redemptions	(388,779)	(100,426)	-	(489,205)
Capital reduction	-	(3,389)	-	(3,389)
Dividend income capitalised	60	-	-	60
Fair value gain/(loss) recorded in:				
Income statement (Note 25)	13,543	-	-	13,543
Other comprehensive income/(loss)				
- Gross fair value changes	-	(1,111)	-	(1,111)
Insurance/takaful contract liabilities				
- Gross fair value changes (Note 16)	-	91	-	91
Movement in accrued interest/profit	(755)	(516)	(369)	(1,640)
Amortisation of premiums (Note 23)	-	(694)	(1)	(695)
Arising from deconsolidation of a subsidiary (Note 38)	-	(1,586)	-	(1,586)
Currency translation differences	12	5,623	-	5,635
At 31 December 2015	354,855	144,710	40,632	540,197

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

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 RM'000
At 1 January 2014	34,714
Fair value gain recorded in other comprehensive income	
- Gross fair value changes	188
Amortisation of premiums (Note 23)	(255)
At 31 December 2014 / 1 January 2015	34,647
Fair value gain recorded in other comprehensive income	
- Gross fair value changes	224
Amortisation of premiums (Note 23)	(186)
Movement in accrued interest	(177)
Disposals	(34,508)
At 31 December 2015	-

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 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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2015				
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	1,873	-	-	1,873
Unit trusts quoted outside Malaysia	-	68	-	68
Investment-linked units	218,518	-	-	218,518
	220,391	68	-	220,459
Designated at FVTPL:				
Shariah-approved equity securities quoted in Malaysia	80,396	-	-	80,396
Islamic debt securities unquoted in Malaysia	-	54,000	-	54,000
	80,396	54,000	-	134,396
	300,787	54,068	-	354,855
(b) AFS financial assets				
Equity securities unquoted in Malaysia	-	-	1,523	1,523
Equity securities unquoted outside Malaysia	-	1	28,448	28,449
Islamic debt securities unquoted in Malaysia	-	114,738	-	114,738
	-	114,739	29,971	144,710
(c) HTM financial assets				
Malaysian Government Guaranteed Financing	-	39,242	-	39,242

10 INVESTMENTS (continued)

Fair values of investments (continued)

GROUP

Valuation techniques – non-market observable inputs (Level 3)

	AFS
	RM'000
At 1 January 2014	27,563
Arising from derecognition of an associate	1,756
Fair value loss recorded in other comprehensive income	
- Gross fair value changes	(1,947)
Currency translation difference	1,735
At 31 December 2014 / 1 January 2015	29,107
Capital reduction	(3,389)
Fair value loss recorded in other comprehensive income	
- Gross fair value changes	(1,227)
Arising from deconsolidation of a subsidiary	(20)
Currency translation difference	5,500
At 31 December 2015	29,971

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 2015.

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 2015			
Net asset value	+10%	2,997	2,248
	-10%	(2,997)	(2,248)
31 December 2014			
Net asset value	+10%	2,911	2,183
	-10%	(2,911)	(2,183)

There is no impact to profit before taxation as this is an AFS investment.

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

10 INVESTMENTS (continued)

Fair values of investments (continued)

COMPANY

	Level 2 RM'000
31 December 2014	
AFS financial assets	
Corporate debt securities unquoted in Malaysia	34,647
31 December 2015	
AFS financial assets	
Corporate debt securities unquoted in Malaysia	-

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.

11 LOANS AND RECEIVABLES

	GROUP		COMPANY	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans arising from:				
Secured loans	6,740	5,340	-	-
Unsecured loans	189	193	4	-
	6,929	5,533	4	-
Loans from leasing, hire purchase and others	24,492	24,672	-	-
Less: Allowance for impairment loss	(24,464)	(24,565)	-	-
	28	107	-	-
Fixed and call deposits with licensed banks	40,228	21,887	19,127	19,062
	47,185	27,527	19,131	19,062

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position.

The secured loans bear interest at 3.00% (2014: 3.00%) per annum and are repayable on demand.

The weighted average effective interest rate of fixed and call deposits with licensed banks during the financial year ranged from 2.70% to 4.10% (2014: 3.19% to 7.00%) per annum.

The maturity structure of the loans and receivables is as follows:

	GROUP		COMPANY	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Receivables within 12 months:				
Net loans	6,939	5,615	2	-
Fixed and call deposits with licensed banks	40,228	21,887	19,127	19,062
	47,167	27,502	19,129	19,062
Receivables after 12 months:				
Net loans	18	25	2	-
	47,185	27,527	19,131	19,062

The total loans portfolio from leasing, hire purchase and others as at 31 December 2015 included non-performing loans ("NPL") amounting to RM24,464,000 (2014: RM24,565,000), where full allowance for impairment loss has been made. 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 RM13,128,000 (2014: RM10,484,000).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

11 LOANS AND RECEIVABLES (continued)

A reconciliation of the allowance for impairment loss for loans from leasing, hire purchase and others is as follows:

	GROUP	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
At 1 January	24,565	33,357
Allowance for impairment loss	1	7,747
Write back of impairment loss in respect of recoveries	(93)	(2,573)
Allowance for impairment loss – net (Note 28)	(92)	5,174
Bad debts written off	(9)	(13,966)
At 31 December	24,464	24,565

12 INSURANCE/TAKAFUL RECEIVABLES

	GROUP	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Due premiums/contributions including agents, brokers and co-insurers/co-takaful balances	72,116	84,524
Due from reinsurers/retakaful operators and cedants	17,618	91,199
	89,734	175,723
Less: Allowance for impairment loss	(8,693)	(18,828)
	81,041	156,895
Receivable within 12 months	81,041	156,895

<u>Offsetting financial assets and financial liabilities</u>

Gross amounts of recognised financial assets	100,876	189,437
Less: Gross amounts of recognised financial liabilities set off in the statement of financial position (Note 17)	(11,142)	(13,714)
Net amounts of recognised financial assets presented in the statement of financial position	89,734	175,723

There were no financial assets subject to enforceable netting arrangements or similar agreements, and financial instruments received as collaterals, nor any cash collaterals pledged or received as at 31 December 2015 (2014: Nil).

The carrying amounts disclosed above approximate the fair values at the date of the statement of financial position.

12 INSURANCE/TAKAFUL RECEIVABLES (continued)

A reconciliation of the allowance for impairment loss for insurance/takaful receivables is as follows:

	GROUP	
	31.12.2015	31.12.2014
	RM'000	RM'000
At 1 January	18,828	12,091
(Write back of)/ allowance for impairment loss (Note 30)	(6,164)	6,737
Bad debts written off	(1,138)	-
Arising from the deconsolidation of a subsidiary	(2,833)	-
At 31 December	8,693	18,828

13 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables of non-insurance subsidiaries	-	17	-	-
Amounts due from subsidiaries				
Amounts due from subsidiaries at gross	-	-	51,214	52,465
Less: Allowance for impairment loss	-	-	(26,129)	(26,591)
	-	-	25,085	25,874
Amounts due from associates	3,469	3,246	-	-
Proceeds from disposal of a subsidiary deposited in escrow account	20,590	19,930	-	-
Other receivables, deposits and prepayments				
Other receivables, deposits and prepayments at gross	25,317	30,191	21,580	20,255
Less: Allowance for impairment loss	(9,038)	(586)	(7,282)	(282)
	16,279	29,605	14,298	19,973
	40,338	52,798	39,383	45,847
Receivables within 12 months	40,338	52,798	39,383	45,847
Receivables after 12 months	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

13 TRADE AND OTHER RECEIVABLES (continued)

A reconciliation of the allowance for impairment loss on amounts due from subsidiaries is as follows:

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	26,591	26,021
(Write back of)/allowance for impairment loss (Note 28)	-	-	(462)	570
At 31 December	-	-	26,129	26,591

A reconciliation of the allowance for impairment loss on other receivables is as follows:

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	586	979	282	239
Allowance for/(write back of) impairment loss (Note 30)	8,452	(393)	7,000	43
At 31 December	9,038	586	7,282	282

The fair values of receivables after 12 months approximates the carrying values as at the date of the statement of financial position.

As at 31 December 2015, the net amounts due from subsidiaries consist of interest-bearing advances of RM25,085,000 (2014: RM25,874,000). The interest-bearing advances bear interest rates ranging from 3.60% to 7.0% (2014: 4.98% to 7.0%) per annum, unsecured and are repayable on demand.

The amounts due from associates of the Group are non-interest bearing advances, unsecured and repayable on demand.

The proceeds from disposal of a subsidiary deposited in escrow account of the Group comprised of the following:

(a) an amount of RM19,295,000 ("Escrow Amount") being the balance sale proceed from the disposal of MAAKL Mutual Berhad 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; and

(b) interest receivable of RM1,295,000 (2014: RM635,000) on the Escrow Amount. The Escrow Amount bears an interest rate at 3.30% (2014: 3.12% to 3.30%) per annum.

Included in other receivables, deposits and prepayments of the Group and the Company were:

(a) an amount of RM20,005,000 (2014: RM19,357,000) ("Extended Sum") extended by the Company to PIMA Pembangunaan 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 Insurance Company Ltd ("Zurich") under the conditions precedent in the Settlement Agreement signed with Zurich in 2011 on the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

    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"). The Extended Sum is to be recovered via sales of the Securities by PIMA in phases within the set timeline in the Joint Venture Agreement signed between the Company and PIMA ("the Sale Plan"). In view of PIMA failing to meet the sale plan and the anticipated soft property market condition moving ahead, the Company has made an impairment loss of RM7.0 million on the Extended Sum based on the forced sale values of the Securities conducted by independent professional valuers at the date of statement of financial position.

14 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with licences banks	336,982	325,601	157,908	159,166
Cash and bank balances	20,263	16,667	51	77
	357,245	342,268	157,959	159,243

The weighted average effective interest rate of fixed and call deposits with licensed banks during the financial year ranged from 1.80% to 4.10% (2014: 2.45% to 8.75%) per annum.

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(A) DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 8 September 2015, MAA Corp and ePROTEA MSC Sdn Bhd (now known as Finexus Sdn Bhd) entered into a conditional Share Sale Agreement ("SSA") for the proposed disposal of the entire issued share capital of MAA Cards Sdn Bhd ("MAA Cards") as disclosed in Note 49(d) to the financial statements.

Accordingly the related assets and liabilities of MAA Cards identified for disposal were classified under assets and liabilities held for sale in the financial year ended 31 December 2015.

The consolidated income statement for the financial year ended 31 December 2014 included the financial results of MAA Cards as part of discontinued operations.

The components of assets and liabilities held for sale and the related net cash flows attributable to the discontinued operations were as follows:

	GROUP
	31.12.2015
	RM'000
ASSETS CLASSIFIED AS HELD FOR SALE	
Property, plant and equipment (Note 4)	19
Intangible assets (Note 6)	24
Trade and other receivables	584
Cash and cash equivalents	5,766
	6,393
LIABILITIES CLASSIFIED AS HELD FOR SALE	
Trade and other payables	1,281

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31 DECEMBER 2015
(continued)

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

(B) OTHER ASSETS HELD FOR SALE

	GROUP	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Net carrying amount		
At 1 January	-	178
Transferred to property, plant and equipment (Note 4)	-	(178)
At 31 December	-	-

In the previous financial year ended 31 December 2014, the assets classified as held for sale comprised of a piece of leasehold land owned by a subsidiary of the Group that was reclassified to property, plant and equipment in that year as it no longer met the criteria of MFRS 5 to be classified as held for sale.

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES

		GROUP					
	Note	**31.12.2015**			**31.12.2014**		
		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
Family takaful	(b)	465,993	(12,399)	453,594	445,980	(14,535)	431,445
General takaful	(c)	380,799	(258,009)	122,790	366,291	(280,382)	85,909
		846,792	(270,408)	576,384	847,128	(301,426)	545,702

(a) General insurance

The General insurance contract liabilities and movements are further analysed as follows:

	GROUP					
	31.12.2015			**31.12.2014**		
	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
Provision for IBNR	-	-	-	1,462	(114)	1,348
Claim liabilities (i)	-	-	-	34,855	(6,508)	28,347
Premium liabilities (ii)	-	-	-	2	(1)	1
	-	-	-	34,857	(6,509)	28,348

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(a) General insurance (continued)

The General insurance contract liabilities and movements are further analysed as follows: (continued)

	GROUP					
	31.12.2015			31.12.2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Claim liabilities						
At 1 January	34,855	(6,508)	28,347	71,576	(41,969)	29,607
Claims incurred in the current accident year	(4,029)	3,373	(656)	18,889	(15,515)	3,374
Claims paid during the financial year (Note 29(a))	(6,463)	3,010	(3,453)	(52,938)	51,243	(1,695)
Movement in IBNR	(1,462)	114	(1,348)	(4,570)	573	(3,997)
	(11,954)	6,497	(5,457)	(38,619)	36,301	(2,318)
Currency translation differences	2,074	11	2,085	1,898	(840)	1,058
Arising from deconsolidation of a subsidiary (Note 38)	(24,975)	-	(24,975)	-	-	-
At 31 December	-	-	-	34,855	(6,508)	28,347
(ii) Premium liabilities						
At 1 January	2	(1)	1	115	(3)	112
Premiums written during the financial year (Note 22(a))	-	-	-	-	-	-
Premiums earned during the financial year (Note 22(a))	(1)	-	(1)	(110)	3	(107)
	(1)	-	(1)	(110)	3	(107)
Currency translation differences	-	-	-	(3)	(1)	(4)
Arising from deconsolidation of a subsidiary (Note 38)	(1)	1	-	-	-	-
At 31 December	-	-	-	2	(1)	1

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(b) Family takaful

The Family takaful contract liabilities and movements are further analysed as follows:

						GROUP
			31.12.2015			31.12.2014
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Certificateholders' liabilities	86,907	-	86,907	77,406	(11,703)	65,703
Net assets values attributable to unitholders	366,096	(10,778)	355,318	349,671	-	349,671
Actuarial liabilities	453,003	(10,778)	442,225	427,077	(11,703)	415,374
Unallocated surplus attributable to unitholders	449	-	449	4,330	-	4,330
Accumulated deficits of non-investment-linked units	(16,043)	-	(16,043)	(11,348)	-	(11,348)
Qardhul Hassan	16,043	-	16,043	11,348	-	11,348
Claim liabilities	12,285	(1,621)	10,664	14,638	(2,832)	11,806
AFS reserves	256	-	256	(65)	-	(65)
	465,993	(12,399)	453,594	445,980	(14,535)	431,445
At 1 January	445,980	(14,535)	431,445	352,196	(15,490)	336,706
Contributions received (Note 22(c))	250,736	(14,053)	236,683	367,560	(5,754)	361,806
Liabilities paid for death, maturities, surrenders, benefits and claims (Note 29(d))	(161,027)	11,307	(149,720)	(192,031)	5,391	(186,640)
Movement in claim liabilities	2,353	(1,211)	1,142	(9,967)	990	(8,977)
Experience variance on inforce Takaful certificates	6,920	(2,576)	4,344	(506)	(52)	(558)
Reserves for new policies	(9,737)	1,650	(8,087)	2,302	(585)	1,717
Miscellaneous	12,133	7,019	19,152	8,013	965	8,978
Fees deducted	(75,132)	-	(75,132)	(81,806)	-	(81,806)
Surplus distributed to Shareholders' fund	(11,250)	-	(11,250)	(11,000)	-	(11,000)
Qardhul Hassan	4,695	-	4,695	11,348	-	11,348
Movement in AFS fair value adjustments						
- Gross fair value changes	258	-	258	82	-	82
- Transferred to Income Statement upon disposal of AFS financial assets	92	-	92	(238)	-	(238)
- Deferred tax	(28)	-	(28)	27	-	27
	322	-	322	(129)	-	(129)
At 31 December	465,993	(12,399)	453,594	445,980	(14,535)	431,445

16 **INSURANCE/TAKAFUL CONTRACT LIABILITIES** (continued)

(c) General takaful

The General takaful contract liabilities and movements are further analysed as follows:

	GROUP					
	31.12.2015			31.12.2014		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	152,585	(108,506)	44,079	151,965	(125,385)	26,580
Provision for IBNR	80,041	(54,805)	25,236	71,456	(55,278)	16,178
Provision for risk of adverse deviation ("PRAD")	23,008	(17,003)	6,005	23,818	(20,050)	3,768
Claim liabilities (i)	255,634	(180,314)	75,320	247,239	(200,713)	46,526
Unearned contribution reserves (ii)	123,661	(77,695)	45,966	119,279	(79,669)	39,610
AFS reserves (iii)	(211)	-	(211)	(227)	-	(227)
Unallocated surplus (iv)	1,715	-	1,715	-	-	-
	380,799	(258,009)	122,790	366,291	(280,382)	85,909
(i) Claim liabilities						
At 1 January	247,239	(200,713)	46,526	160,036	(127,497)	32,539
Claims incurred in the current accident year	159,475	(94,831)	64,644	180,401	(142,510)	37,891
Other movements in claims incurred in prior accident years	(27,431)	28,028	597	(14,624)	11,052	(3,572)
Claims paid during the financial year (Note 29(c))	(122,839)	84,155	(38,684)	(86,131)	64,922	(21,209)
Movement in PRAD	(810)	3,047	2,237	7,557	(6,680)	877
	8,395	20,399	28,794	87,203	(73,216)	13,987
At 31 December	255,634	(180,314)	75,320	247,239	(200,713)	46,526
(ii) Unearned contribution reserves						
At 1 January	119,279	(79,669)	39,610	94,104	(72,865)	21,239
Contributions written during the financial year (Note 22(b))	281,998	(177,968)	104,030	311,985	(225,886)	86,099
Contributions earned during the financial year (Note 22(b))	(277,616)	179,942	(97,674)	(286,810)	219,082	(67,728)
	4,382	1,974	6,356	25,175	(6,804)	18,371
At 31 December	123,661	(77,695)	45,966	119,279	(79,669)	39,610

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(c) General takaful (continued)

(iii) AFS reserves

	Gross RM'000	Deferred tax RM'000	Net RM'000
At 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 / 1 January 2015	(303)	76	(227)
Fair value changes arising from AFS financial assets	(167)	43	(124)
Transferred to Income Statement upon disposal of AFS financial assets	188	(48)	140
	21	(5)	16
At 31 December 2015	(282)	71	(211)

(iv) Unallocated surplus

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2014	65	-	65
Surplus utilised during the financial year	(65)	-	(65)
At 31 December 2014 / 1 January 2015	-	-	-
Surplus generated during the financial year	1,715	-	1,715
At 31 December 2015	1,715	-	1,715

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

17 INSURANCE/TAKAFUL PAYABLES

	GROUP	
	31.12.2015	31.12.2014
	RM'000	RM'000
Due to agents, brokers and co-insurers/co-takaful	31,466	40,884
Due to reinsurers/retakaful operators and cedants	56,771	168,320
	88,237	209,204
Reinsurers'/retakaful operators' deposits withheld	84	473
	88,321	209,677
Payable within 12 months	88,321	209,677

<u>Offsetting financial assets and financial liabilities</u>

	31.12.2015 RM'000	31.12.2014 RM'000
Gross amounts of recognised financial liabilities	99,463	223,391
Less: Gross amounts of recognised financial assets set off in the statement of financial position (Note 12)	(11,142)	(13,714)
Net amounts of recognised financial liabilities presented in the statement of financial position	88,321	209,677

There are no financial liabilities subject to enforceable netting arrangements or similar agreements, and financial instruments received as collaterals, nor any cash collaterals pledged or received as at 31 December 2015 (2014: 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 2015
(continued)

18 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Defined contribution retirement plan payable	83	101	54	43
Accrual for unutilised staff leave	208	543	179	499
Commissions payable	8,697	8,669	-	-
Service tax payable	-	1	-	-
Provision for staff costs	1,955	2,614	790	235
Deposits contribution	7,410	6,337	-	-
Cash collaterals	6,530	5,646	-	-
Expenses liabilities	3,493	4,378	-	-
Proceeds from disposal of subsidiary deposited in escrow accounts payable to previous shareholders	9,266	8,969	-	-
Provision for liquidation fees and expenses of a deconsolidated subsidiary[*]	5,656	-	-	-
Other payables and accruals	27,781	20,285	1,532	1,407
	71,079	57,543	2,555	2,184
Payable within 12 months	67,164	57,543	2,555	2,184
Payable after 12 months	3,915	-	-	-

The carrying amounts disclosed above approximate the fair values as at the date of the statement of financial position.

[*] During the financial year ended 31 December 2015, the Group made a provision of RM5.66 million for the liquidation fees and expenses related to a subsidiary, PT MAAG which was deconsolidated on 1 December 2015 as disclosed in Note 49(e) to the financial statements. The said provision was based on the appointed liquidators' schedule of fees and expenses and estimation of three (3) years to complete the liquidation of PT MAAG.

19 SHARE CAPITAL

	GROUP/COMPANY	
	31.12.2015	**31.12.2014**
	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 of financial year	304,354	304,354
Cancellation of treasury shares (Note 20)	(11,661)	-
At end of financial year	292,693	304,354

20 TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed at the annual General Meeting on 28 May 2015, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buy-back plan can be applied in the best interest of the Company and its shareholders.

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

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

As at 31 December 2015, the number of treasury shares held was 508,800 (2014: 2,025,200) ordinary shares of RM1 each.

Movement in the share buy-back

	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
Total purchased in 2014	2,025	1,312			0.65
At 31 December 2014 / 1 January 2015	2,025	1,312			0.65
January	1,622	1,084	0.66	0.67	0.67
February	696	474	0.68	0.68	0.68
July	300	218	0.73	0.73	0.73
August	6,568	4,627	0.70	0.71	0.70
September	312	228	0.72	0.72	0.73
October	138	103	0.75	0.75	0.75
December	509	444	0.87	0.88	0.87
Total purchased in 2015	10,145	7,178			0.71
Cancellation of treasury shares	(11,661)	(8,046)			
At 31 December 2015	509	444			0.87

As at 31 December 2015, the number of shares in issue after setting off treasury shares against equity was 292,184,000 (2014: 302,329,000).

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(continued)

21 RETAINED EARNINGS AND RESERVES

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Retained earnings	112,643	113,845	12,084	55,033
Reserves				
- Foreign exchange reserves	(6,246)	4,360	-	-
- AFS reserves	(255)	2,664	-	229
- Capital redemption reserves	11,661	-	11,661	-
- Revaluation reserves	-	-	-	-
	5,160	7,024	11,661	229
	117,803	120,869	23,745	55,262

<u>Movement in retained earnings</u>

	GROUP 31.12.2015 RM'000	GROUP 31.12.2014 RM'000	COMPANY 31.12.2015 RM'000	COMPANY 31.12.2014 RM'000
At 1 January	113,845	116,594	55,033	63,271
Profit/(loss) for the financial year	24,630	16,742	(17,117)	10,024
Transfer of revaluation reserves arising from disposal of subsidiary	-	215	-	-
Interim dividends paid (Note 34)	(17,786)	(18,262)	(17,786)	(18,262)
Excess consideration paid to non-controlling interests on the acquisition of additional interest in subsidiaries (Note 37(a))	-	(1,444)	-	-
Cancellation of treasury shares (Note 20)	(8,046)	-	(8,046)	-
At 31 December	112,643	113,845	12,084	55,033

<u>Movement in foreign exchange reserves</u>

	GROUP 31.12.2015 RM'000	GROUP 31.12.2014 RM'000	COMPANY 31.12.2015 RM'000	COMPANY 31.12.2014 RM'000
At 1 January	4,360	8,389	-	-
Currency translation differences arising during the financial year	(10,606)	(4,029)	-	-
At 31 December	(6,246)	4,360	-	-

21 RETAINED EARNINGS AND RESERVES (continued)

	GROUP		COMPANY	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Movement in AFS reserves				
At 1 January	2,664	1,844	229	41
Gross fair value changes	(1,020)	(1,697)	224	188
Deferred tax	(18)	219	-	-
Movement in fair value of AFS financial assets, net of tax	(1,038)	(1,478)	224	188
Transferred to Income Statement upon disposal of AFS financial assets	(822)	(831)	(453)	-
Changes in insurance/takaful contract liabilities arising from unrealised net fair value changes (Note 16(b) and (c)(iii))	(338)	216	-	-
Share of fair value changes of AFS financial assets of associates (Note 8)	(702)	2,913	-	-
Arising from deconsolidation of a subsidiary	(19)	-	-	-
At 31 December	(255)	2,664	-	229
Movement in capital redemption reserves				
At 1 January	-	-	-	-
Cancellation of treasury shares (Note 20)	11,661	-	11,661	-
At 31 December	11,661	-	11,661	-
Movement in revaluation reserves				
At 1 January	-	215	-	-
Transfer of revaluation reserves to retained earnings arising from disposal of subsidiary	-	(215)	-	-
At 31 December	-	-	-	-

The AFS reserves represent the cumulative fair value gains or losses from AFS financial assets of the Group and the Company.

The revaluation reserves in the previous financial year ended 31 December 2014 represented the surplus arising from the revaluation of leasehold land of a disposed subsidiary.

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the Company.

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
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(continued)

22 NET EARNED PREMIUMS/CONTRIBUTIONS

CONTINUING OPERATIONS

	Note	GROUP 2015 RM'000	GROUP 2014 RM'000
(a) General fund			
(i) Gross earned premiums			
Insurance contracts	16(a)(ii)	-	-
Change in unearned premium reserve		1	110
	16(a)(ii)	1	110
(ii) Premiums ceded to reinsurers			
Insurance contracts	16(a)(ii)	-	-
Change in unearned premium reserve		-	(3)
	16(a)(ii)	-	(3)
Net earned premiums		1	107
(b) General takaful			
(i) Gross earned contributions			
Takaful contracts	16(c)(ii)	281,998	311,985
Change in unearned contribution reserve		(4,382)	(25,175)
	16(c)(ii)	277,616	286,810
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(c)(ii)	(177,968)	(225,886)
Change in unearned contribution reserve		(1,974)	6,804
	16(c)(ii)	(179,942)	(219,082)
Net earned contributions		97,674	67,728
(c) Family takaful			
(i) Gross earned contributions			
Takaful contracts	16(b)	250,736	367,560
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(b)	(14,053)	(5,754)
Net earned contributions		236,683	361,806
(d) Total			
(i) Gross earned premiums/contributions			
Insurance/takaful contracts		532,734	679,545
Change in unearned premium/contribution reserve		(4,381)	(25,065)
		528,353	654,480
(ii) Premiums/contributions ceded to reinsurers/retakaful operators			
Insurance/takaful contracts		(192,021)	(231,640)
Change in unearned premiums/contribution reserve		(1,974)	6,801
		(193,995)	(224,839)
Net earned premiums/contributions		334,358	429,641

23 INVESTMENT INCOME

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	163	117	-	-
Financial assets at FVTPL				
Interest/profit income				
- Islamic debt securities unquoted in Malaysia	3,475	3,455	-	-
Dividend income				
- Equity securities quoted in Malaysia	60	84	-	-
- Syariah-approved equity securities quoted in Malaysia	2,938	5,887	-	-
	6,473	9,426	-	-
AFS financial assets				
Interest/profit income				
- Corporate debt securities unquoted in Malaysia	2,485	3,236	2,485	3,236
- Corporate debt securities quoted outside Malaysia	-	53	-	-
- Islamic debt securities unquoted in Malaysia	7,444	8,212	-	-
Dividend income				
- Equity securities unquoted in Malaysia	20	23	-	-
Amortisation of premiums				
- Corporate debt securities unquoted in Malaysia	(186)	(255)	(186)	(255)
- Islamic debt securities unquoted in Malaysia	(508)	(690)	-	-
	9,255	10,579	2,299	2,981
HTM financial assets				
Interest/profit income				
- Malaysian Government Guaranteed Financing	1,823	1,765	-	-
Amortisation of premiums				
- Malaysian Government Guaranteed Financing	(1)	(1)	-	-
	1,822	1,764	-	-
Loans and receivables				
Interest/profit income				
- mortgage loans	-	1	-	1
- other secured and unsecured loans	162	137	-	-
- subsidiaries	-	-	2,079	1,898
	162	138	2,079	1,899
Fixed and call deposits interest/profit income	12,348	11,133	6,178	6,738
	30,223	33,157	10,556	11,618

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23 INVESTMENT INCOME (continued)

DISCONTINUED OPERATIONS (Note 33)

	GROUP	
	2015	2014
	RM'000	RM'000
Fixed and call deposits interest income	148	156

24 REALISED GAINS AND LOSSES - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains	-	111	-	-
Realised losses	(30)	(146)	(26)	(13)
	(30)	(35)	(26)	(13)
Intangible assets				
Realised gains	-	3	-	3
Financial assets at FVTPL				
Realised gains				
- Syariah-approved equity securities quoted in Malaysia	5,423	21,622	-	-
Realised losses				
- Equity securities quoted in Malaysia	-	(230)	-	-
- Syariah-approved equity securities quoted in Malaysia	(1,048)	-	-	-
	4,375	21,392	-	-
AFS financial assets				
Realised gains				
- Equity securities unquoted outside Malaysia	121	-	-	-
- Equity securities quoted outside Malaysia	67	-	-	-
- Islamic debt securities unquoted in Malaysia	325	895	-	-
Realised losses				
- Corporate debt securities unquoted in Malaysia	(3,918)	-	(3,918)	-
- Islamic debt securities unquoted in Malaysia	(280)	(64)	-	-
	(3,685)	831	(3,918)	-
	660	22,191	(3,944)	(10)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

24 REALISED GAINS AND LOSSES - NET (continued)

DISCONTINUED OPERATIONS (Note 33)

	GROUP	
	2015	2014
	RM'000	RM'000
Property, plant and equipment		
Realised losses	-	(25)
Realised gains from disposal of subsidiaries (Note 36(b),(c),(d))	-	7,613
	-	7,588

25 FAIR VALUE GAINS AND LOSSES - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fair value gains on investment properties (Note 5)	1,778	2,021	-	-
Financial assets at FVTPL				
Net fair value gains/(losses)				
- Corporate debt securities quoted outside Malaysia	-	(389)	-	-
- Islamic debt securities unquoted in Malaysia	(82)	-	-	-
- Unit trusts quoted outside Malaysia	(16)	(24)	-	
- Syariah-approved equity securities quoted in Malaysia	13,458	(29,500)	-	-
- investment-linked units	183	(447)	-	-
	13,543	(30,360)	-	-
	15,321	(28,339)	-	-

26 FEE AND COMMISSION INCOME

CONTINUING OPERATIONS

	GROUP	
	2015	2014
	RM'000	RM'000
Reinsurance/retakaful commission income	41,876	43,924

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

27 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from non-insurance businesses				
- management fee income	12	81	1,294	1,337
- interest income from hire purchase, leasing and other credit activities	29	47	-	-
- fee income from education services	6,798	6,688	-	-
- others	226	278	-	-
	7,065	7,094	1,294	1,337

DISCONTINUED OPERATIONS (Note 33)

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Revenue from non-insurance businesses		
- income from card services	269	100

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

28 OTHER OPERATING INCOME/(EXPENSES) – NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment				
- written off	(66)	(298)	-	(46)
- allowance for impairment loss (Note 4)	(838)	(44)	-	-
Bad debts (written off)/recovered	(82)	94	-	-
(Allowance for)/write back of impairment loss on:				
- investments in subsidiaries (Note 7)	-	-	(1,274)	1,118
- amounts due from subsidiaries (Note 13)	-	-	462	(570)
- loans from leasing, hire purchase and others – net (Note 11)	92	(5,174)	-	-
Loss on derecognition of an associate	-	(108)	-	-
Income from claim liabilities waived*	171	16,491	-	-
Realised foreign exchange loss	(7)	(34)		
Unrealised foreign exchange gain	3,960	205	-	-
Net gain after impairment loss from deconsolidation of a subsidiary (Note 38)	48,324	-	-	-
Others	2,668	(1,447)	340	110
	54,222	9,685	(472)	612

* Arising from the agreed claim liabilities hair-cut settlement with insurance payables during the financial year by the Group's insurance subsidiary in Indonesia.

DISCONTINUED OPERATIONS (Note 33)

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Write back of Zurich's counterclaims	-	12,500
Unrealised foreign exchange gain	-	363
Others	-	1
	-	12,864

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

29 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

CONTINUING OPERATIONS

	Note	GROUP 2015 RM'000	GROUP 2014 RM'000
(a) General fund			
(i) Gross benefits and claims paid	16(a)(i)	(6,463)	(52,938)
(ii) Claims ceded to reinsurers	16(a)(i)	3,010	51,243
(iii) Gross change to contract liabilities		11,954	38,619
(iv) Change in contract liabilities ceded to reinsurers		(6,497)	(36,301)
Net insurance benefits and claims		2,004	623
(b) Life fund			
(i) Gross benefits and claims paid		-	-
(ii) Gross change to contract liabilities		-	489
Net insurance benefits and claims		-	489
(c) General takaful			
(i) Gross benefits and claims paid	16(c)(i)	(122,839)	(86,131)
(ii) Claims ceded to retakaful operators	16(c)(i)	84,155	64,922
(iii) Gross change to contract liabilities		(10,111)	(87,138)
(iv) Change in contract liabilities ceded to retakaful operators		(20,399)	73,216
Net takaful benefits and claims		(69,194)	(35,131)
(d) Family takaful			
(i) Gross benefits and claims paid	16(b)	(161,027)	(192,031)
(ii) Claims ceded to retakaful operators	16(b)	11,307	5,391
(iii) Gross change to contract liabilities		(15,269)	(84,026)
(iv) Change in contract liabilities ceded to retakaful operators		(925)	(955)
Net takaful benefits and claims		(165,914)	(271,621)
(e) Total			
(i) Gross benefits and claims paid		(290,329)	(331,100)
(ii) Claims ceded to reinsurers/retakaful operators		98,472	121,556
(iii) Gross change to contract liabilities		(13,426)	(132,056)
(iv) Change in contract liabilities ceded to reinsurers/retakaful operators		(27,821)	35,960
Net insurance/takaful benefits and claims		(233,104)	(305,640)

30 MANAGEMENT EXPENSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Staff costs (including Executive Directors)				
- salaries and bonus	47,119	43,714	9,165	8,027
- defined contribution retirement benefits	6,635	6,395	1,354	1,248
	53,754	50,109	10,519	9,275
Depreciation of property, plant and equipment (Note 4)	3,341	3,399	423	425
Amortisation of intangible assets (Note 6)	1,449	1,204	71	72
Amortisation of leases (Note 4)	2	2	-	-
Auditors' remuneration				
- statutory audit				
- current year	443	460	112	103
- under provision in prior financial year	277	107	44	75
- audit related services				
- current year	185	145	-	-
- under provision in prior financial year	25	-	-	-
- non-audit related services				
- current year	12	9	-	-
- under provision in prior financial year	-	8	-	-
Auditors' remuneration payable/paid to other audit firms	76	93	-	-
Fees paid to a company in which certain Directors have an interest	336	329	204	193
Allowance for/(write back of) impairment loss on other receivables (Note 13)	8,452	(393)	7,000	43
(Write back of)/allowance for impairment loss on insurance/takaful receivables (Note 12)	(6,164)	6,737	-	-
Office rental	4,647	3,906	421	382
Rental of office equipment	145	131	48	42
Agency and staff training expenses	4,049	4,693	31	87
Repairs and maintenance	1,839	1,724	-	-
EDP expenses	3,251	2,396	120	46
Advertising, promotional and entertainment expenses	7,677	6,784	561	479
Motor vehicle, accommodation and travelling expenses	3,364	3,677	1,070	1,347
Printing and stationery	2,142	2,306	106	78
Postage, telephone and fax	1,029	1,002	68	54
Professional fees	4,910	3,471	825	360
Staff amenities	635	937	126	332
Electricity and water	1,112	1,084	46	46
Credit card charges	1,499	1,418	-	-
Manage care organisation fees	949	699	-	-
Motor club expenses	1,325	1,046	-	-
Policy stamping fees	1,018	1,033	-	-
Provision for liquidation fees and expenses of a deconsolidated subsidiary	5,656	-	-	-
Others	12,211	10,064	2,771	2,464
	119,646	108,580	24,566	15,903

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

30 MANAGEMENT EXPENSES (continued)

DISCONTINUED OPERATIONS (Note 33)

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Staff costs (including Executive Directors)		
- salaries and bonus	258	238
- defined contribution retirement benefits	36	35
	294	273
Depreciation of property, plant and equipment (Note 4)	14	75
Amortisation of intangible assets (Note 6)	24	24
Amortisation of leases (Note 4)	-	23
Auditors' remuneration		
- statutory audit	9	23
- under provision in prior financial year	-	7
Fees paid to a company in which certain Directors have an interest	4	5
Bad debts written off	6	-
Agency and staff training expenses	-	10
EDP expenses	3	15
Advertising, promotional and entertainment expenses	1	2
Motor vehicle, accommodation and travelling expenses	24	69
Printing and stationery	2	3
Postage, telephone and fax	13	17
Professional fees	12	121
Staff amenities	2	2
Office expenses	-	2
Electricity and water	2	7
Visa fees, outsourcing fees and other direct costs payable for debit cards operations	1,175	2,356
Others	203	200
	1,788	3,234

30 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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- salaries	4,059	4,284	3,651	3,477
- bonus	1,125	1,024	1,057	960
- defined contribution retirement benefits	800	807	736	695
- fees	45	45	-	-
- other emoluments	16	15	-	-
- estimated monetary value of benefits-in-kind	112	127	92	84
	6,157	6,302	5,536	5,216
Non-executive Directors:				
- fees	530	568	180	192
- other emoluments	195	162	68	58
	725	730	248	250
	6,882	7,032	5,784	5,466
Chief Executive Officers:				
- salaries	2,220	2,121	1,244	1,185
- bonus	545	529	405	338
- defined contribution retirement benefits	388	373	256	238
- estimated monetary value of benefits-in-kind	67	70	46	39
	3,220	3,093	1,951	1,800

DISCONTINUED OPERATIONS

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Non-executive Directors:		
- fees	135	139
- other emoluments	-	1
	135	140

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

31 FINANCE COSTS

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest on bank overdrafts	-	325	-	-

In the previous financial year, the unsecured bank overdraft facility of a subsidiary that bored an interest rate of 2.5% per annum above the prevailing base lending rate with the average interest rates charged ranged from 9.10% to 9.35% per annum, had been fully settled on 14 October 2014.

32 TAXATION

CONTINUING OPERATIONS

				GROUP
	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
2015				
Current tax	9,531	96	1,066	10,693
Deferred tax (Note 9)	4	874	968	1,846
Tax expenses	9,535	970	2,034	12,539
Current tax				
Current financial year	2,805	96	1,310	4,211
Under/(over) provision in prior financial years	6,726	-	(244)	6,482
	9,531	96	1,066	10,693
Deferred tax				
Origination and reversal of temporary differences	4	874	968	1,846
	9,535	970	2,034	12,539
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)

32 TAXATION (continued)

DISCONTINUED OPERATIONS (Note 33)

	GROUP	
	Shareholders' fund	Total
	RM'000	RM'000
2014		
Current tax – current financial year	21	21

Tax expenses/(income) comprised the following:

	GROUP			
	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
2015				
Continuing operations	9,535	970	2,034	12,539
Discontinued operations	-	-	-	-
Tax expenses	9,535	970	2,034	12,539
2014				
Continuing operations	1,430	(1,960)	178	(352)
Discontinued operations	21	-	-	21
Tax expenses/(income)	1,451	(1,960)	178	(331)

	COMPANY	
	2015	2014
	RM'000	RM'000
Current tax	-	137
Deferred tax (Note 9)	(15)	(7)
Tax (income)/expenses	(15)	130
Current tax		
Under provision in prior financial years	-	137
Deferred tax		
Origination and reversal of temporary differences	(15)	(7)
	(15)	130

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

32 TAXATION (continued)

Numerical reconciliation between the average effective tax rate and the statutory tax rate:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) before taxation				
- Continuing operations	37,001	(12)	(17,132)	(2,346)
- Discontinued operations	(1,371)	17,474	-	12,500
	35,630	17,462	(17,132)	10,154
Tax (expenses)/income attributable to participants	(3,004)	1,782	-	-
Profit/(loss) before taxation for Shareholders' fund	32,626	19,244	(17,132)	10,154
Taxation at Malaysia statutory tax rate of 25% (2014: 25%)	8,157	4,811	(4,283)	2,539
Tax effects of:				
- expenses not deductible for tax purposes	7,435	1,891	3,428	609
- income not taxable for tax purposes	(13,350)	(7,181)	-	(3,404)
- tax losses not recognised	1,493	6,808	840	249
- benefits from previous year unrecognised deductible temporary differences	(863)	(5,115)	-	-
- deductible temporary differences not recognised	2	73	-	-
- effects of different tax rates in foreign jurisdictions	11	36	-	-
- tax expenses/(income) attributable to participants	3,004	(1,782)	-	-
- utilisation of tax losses	135	(951)	-	-
- utilisation of capital allowances	(9)	-	-	-
- under provision in prior financial years	6,726	1,079	-	137
- re-measurement of deferred tax due to changes in tax rate	(202)	-	-	-
Total tax expenses/(income)	12,539	(331)	(15)	130

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.

33 DISCONTINUED OPERATIONS

GROUP	Note	2015 RM'000	2014 RM'000
Investment income	23	148	156
Realised gains and losses – net	24	-	7,588
Other operating revenue from non-insurance businesses	27	269	100
Other operating income – net	28	-	12,864
Other revenue		417	20,708
Total revenue		417	20,708
Management expenses	30	(1,788)	(3,234)
Other expenses		(1,788)	(3,234)
(Loss)/profit before taxation		(1,371)	17,474
Taxation	32	-	(21)
(Loss)/profit for the financial year		(1,371)	17,453
COMPANY			
Write back of Zurich's counterclaims	28	-	12,500

The financial results of discontinued operations relate to MAA Cards where the Group has entered into a share sale agreement for the disposal of this subsidiary and other subsidiaries that were disposed during the financial year ended 31 December 2015 as disclosed respectively in Note 49(d) and Note 36 to the financial statements. The comparatives have been restated to include the financial results of those disposed subsidiaries.

34 DIVIDENDS

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

(a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,000,302 on 30 April 2015; and

(b) a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,785,634 on 9 October 2015.

In respect of the previous 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 RM9,130,613 on 18 April 2014; and

(b) a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,130,613 on 31 July 2014.

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

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

35 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 297,846,000 shares (2014: 304,216,000 shares), net of treasury shares.

	2015	2014
	RM'000	RM'000
Profit/(loss) for the financial year from continuing operations after non-controlling interests	26,001	(1,300)
(Loss)/profit for the financial year from discontinued operations after non-controlling interests	(1,371)	18,042
Profit for the financial year attributable to the owners of the Company	24,630	16,742

36 DISPOSAL OF SUBSIDIARIES

Disposal of subsidiary carried out during the financial year ended 31 December 2015 was:

(a) On 20 May 2015, MAA Corporate Advisory Sdn Bhd completed the disposal of its entire equity interest in MAACA Corporate Services Sdn Bhd ("MAACACS") for a total cash consideration of RM10, as disclosed in Note 49(b) to the financial statements

Following the completion of the disposal, MAACACS 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	9
Other payables	(9)
Net assets	-
Net disposal proceeds	-(*)
Gain on disposal to the Group (Note 24)	-
The net cash flow on disposal was determined as follows:	
Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	(9)
Cash outflow to the Group on disposal	(9)

(*) Denotes RM10.

36 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries carried out in the previous financial year ended 31 December 2014 were:

(b) 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.

Following the completion of the disposal, Chelsea Parking ceased to be subsidiary of the Group.

Details of the disposal are as follows:

<u>GROUP</u>	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 24)	-
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.

(c) 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.

Following the completion of the disposal, NTSB ceased to be subsidiary of the Group.

Details of the disposal are as follows:

<u>GROUP</u>	At date of disposal RM'000
Leasehold land (Note 4)	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 24)	(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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36 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries carried out in the previous financial year ended 31 December 2014 were: (continued)

(d) 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.

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 (Note 4)	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 24)	(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

37 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Transactions with non-controlling interests carried out in the previous financial year ended 31 December 2014 were:

(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 was as follows:

	RM'000
Carrying amount of non-controlling interests acquired	156
Consideration paid to non-controlling interests	(1,600)
Excess 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)

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38 DECONSOLIDATION OF A SUBSIDIARY

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

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

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

Details of the deconsolidation are as follows:

GROUP	At date of deconsolidation RM'000
Property, plant and equipment (Note 4)	29
AFS financial assets	1,586
Loans and receivables	478
Insurance receivables	59,927
Trade and other receivables	151
Cash and cash equivalents	1,094
Insurance contract liabilities	(24,975)
Insurance payables	(94,977)
Trade and other payables	(23,223)
Net liabilities	(79,910)
Less: Non-controlling interests	(9,242)
Gain on deconsolidation	(89,152)
Less: impairment loss on investment in PT MAAG	20,696
Less: impairment loss on amount due from PT MAAG	20,132
Net gain after impairment loss on deconsolidation to the Group (Note 28)	(48,324)

The net cash flow on deconsolidation was determined as follows:

Net cash received	-
Cash and cash equivalents of deconsolidated subsidiary	(1,094)
Cash outflow to the Group on deconsolidated	(1,094)

39 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Office renovation	114	298	-	-

(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 year are disclosed in Note 30 to the financial statements.

The future aggregate lease payments under operating leases are as follows:

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
No later than 1 year	3,356	3,431	421	421
Later than 1 year and no later than 3 years	2,846	6,051	386	807
	6,202	9,482	807	1,228

40 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

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40 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

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	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with subsidiaries:				
Interest income from advances to subsidiaries	-	-	2,079	1,898
Management fee income from subsidiaries	-	-	1,239	1,274
Office support fee income from subsidiaries	-	-	55	-
Transactions with related parties:				
Rental income receivable from:				
Melewar Industrial Group Berhad	80	68	-	-
Melewar Equities Sdn Bhd	52	44	-	-
Trace Management Services Sdn Bhd	103	79	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	18	15	-	-
Melewar Equities Sdn Bhd	12	10	-	-
Office rental payable to Melewar Integrated Engineering Sdn Bhd	-	(25)	-	(25)
Company secretarial and related fees payable to Trace Management Services Sdn Bhd	(340)	(334)	(204)	(193)
Transactions with associate:				
Management fee income receivable from MAA Bancwell Trustee Berhad	-	60	-	60

Related party receivables/payables

The balances with related parties at the financial year end are disclosed in Notes 13 and 18 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 Officers and Executive Directors. The total compensations paid to the Group's and the Company's key management personnel are disclosed in Note 30 to the financial statements.

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41 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 six (6) 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:

- 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.

There have been no material changes in total assets, the basis of segmentation and the basis of measurement of segment profit or loss from the last annual financial statements, except the General insurance business was recognised as operating segment for 11 months period ended 30 November 2015 before the subsidiary that carried out the general insurance business was deconsolidated from group consolidated account with effect from 1 December 2015 as stated in Note 49(e) to the financial statements.

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.

41 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2015

	Insurance				Takaful	Card business	Investment holdings		Other segments		Total	Inter-segment elimination	Group
	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
External revenue	165	437	283,138	261,976	3,866	417	9,095	-	6,964	-	566,058	-	566,058
Net earned premiums/contributions (Note 22)	1	-	97,674	236,683	-	-	-	-	-	-	334,358	-	334,358
Interest income (Note 23)	164	274	5,708	8,526	3,965	148	9,030	-	70	-	27,885	-	27,885
Write back of impairment loss on loans from leasing, hire purchase and others - net (Note 28)	-	-	-	-	-	-	-	-	92	-	92	-	92
Other revenue	259	6,282	39,564	19,131	181,708	269	(3,474)	-	57,529	-	301,268	(179,461)	121,807
Net insurance/takaful benefits and claims (Note 29)	2,004	-	(69,194)	(165,914)	-	-	-	-	-	-	(233,104)	-	(233,104)
Write back of/(allowance for) impairment loss on other receivables (Note 30)	-	(1,637)	(21)	-	-	-	(7,000)	-	206	-	(8,452)	-	(8,452)
Write back of impairment loss on insurance/takaful receivables (Note 30)	-	-	4,664	1,500	-	-	-	-	-	-	6,164	-	6,164
Other expenses	(1,724)	(7,510)	(76,874)	(102,587)	(174,437)	(1,742)	(18,986)	-	(7,603)	(8)	(391,471)	179,461	(212,010)
Depreciation (Note 30)	(29)	(134)	-	-	(2,488)	(14)	(629)	-	(61)	-	(3,355)	-	(3,355)
Amortisation (Note 30)	-	-	-	-	(1,364)	(24)	(71)	-	(14)	-	(1,473)	-	(1,473)
Profit/(loss) by segments	675	(2,725)	1,521	(2,661)	7,384	(1,363)	(21,130)	-	50,219	(8)	31,912	-	31,912
Zakat	-	-	-	-	(72)	-	-	-	-	-	(72)	-	(72)
Tax expenses attributable to participants	-	-	(970)	(2,034)	-	-	-	-	-	-	(3,004)	-	(3,004)
	675	(2,725)	551	(4,695)	7,312	(1,363)	(21,130)	-	50,219	(8)	28,836	-	28,836
Share of profit of associates not included in reportable segments											3,790	-	3,790
Profit before taxation											32,626	-	32,626

41 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2014

	Insurance				Takaful	Card business	Investment holdings		Other segments		Total	Inter-segment elimination	Group
	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
External revenue	290	446	290,650	381,917	3,862	251	10,543	-	7,023	5	694,987	-	694,987
Net earned premiums/contributions (Note 22)	107	-	67,728	361,806	-	-	-	-	-	-	429,641	-	429,641
Interest income (Note 23)	180	308	4,063	8,721	4,079	151	10,460	-	181	5	28,148	-	28,148
Allowance for impairment loss on loans from leasing, hire purchase and others - net (Note 28)	-	-	-	-	-	-	-	-	(5,174)	-	(5,174)	-	(5,174)
Other revenue	13,289	3,161	43,637	(1,283)	179,608	75	(7,321)	20,113	14,091	364	265,734	(180,288)	85,446
Net insurance/takaful benefits and claims (Note 29)	623	-	(35,131)	(271,621)	-	-	-	-	489	-	(305,640)	-	(305,640)
Write back of/(allowance for) impairment loss on other receivables (Note 30)	-	-	562	-	-	-	(43)	-	(126)	-	393	-	393
Write back of/(allowance for) impairment loss on insurance/takaful receivables (Note 30)	5,138	-	(11,070)	(805)	-	-	-	-	-	-	(6,737)	-	(6,737)
Other expenses	(2,299)	(2,414)	(72,300)	(107,988)	(171,374)	(3,014)	(17,854)	-	(8,832)	(121)	(386,196)	180,288	(205,908)
Depreciation (Note 30)	(47)	(158)	-	-	(2,481)	(16)	(630)	-	(83)	(59)	(3,474)	-	(3,474)
Amortisation (Note 30)	-	-	-	-	(1,127)	(24)	(72)	-	(5)	-	(1,228)	-	(1,228)
Finance costs (Note 31)	-	-	-	-	-	-	-	-	(325)	-	(325)	-	(325)
Profit/(loss) by segments	16,991	897	(2,511)	(11,170)	8,705	(2,828)	(15,460)	20,113	216	189	15,142	-	15,142
Tax income/(expenses) attributable to participants	-	-	1,960	(178)	-	-	-	-	-	-	1,782	-	1,782
	16,991	897	(551)	(11,348)	8,705	(2,828)	(15,460)	20,113	216	189	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

41 SEGMENTAL INFORMATION (continued)

	Insurance		Takaful			Card business	Investment holdings	Other segments	Total	Inter-segment elimination	Group
	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
31 December 2015											
Segment assets	-	47,189	483,239	482,982	136,705	6,393	220,014	6,461	1,382,983	-	1,382,983
Associates											67,954
Total assets											1,450,937
31 December 2014											
Segment assets	65,936	45,407	499,755	468,898	147,645	6,130	252,995	7,674	1,494,440	-	1,494,440
Associates											64,866
Total assets											1,559,306

41 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	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia				
- Continuing operations	565,384	694,353	18,166	20,854
- Discontinued operations	417	256	-	-
	565,801	694,609	18,166	20,854
Indonesia	165	290	9,687	8,058
London	-	-	9,669	6,840
Others	92	88	-	-
	566,058	694,987	37,522	35,752

42 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.

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 2015.

For the takaful subsidiary, 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 Committee and the Board as part of capital budgeting, planning and monitoring process.

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 minimum CAR as at 31 December 2015. Likewise, the Group's Labuan offshore insurance subsidiary has also complied with the solvency requirements of Labuan Financial Services Authority as at 31 December 2015. With regards to the Group's insurance subsidiary in Indonesia that has commenced business run-off in 2013 and liabilities settlement plan in 2014, in view of the revocation of its operating license by OJK with effect from 3 September 2015, the Group has resolved to liquidate the said subsidiary with liquidators duly appointed on 1 December 2015. Accordingly the Indonesian subsidiary has ceased to be a subsidiary with effect on that date as disclosed in Note 49(e) to the financial statements and the Group has recognised a deconsolidated gain of RM48.3 million during the financial year ended 31 December 2015. Notwithstanding this, the Group has made a provision of RM5.7 million for liquidation fees and expenses over an estimated three (3) years period to complete the liquidation of the Indonesian subsidiary in an orderly manner.

The Group's subsidiary engaged in prepaid card business as regulated by BNM is required to maintain a minimum shareholders' fund at all times of RM5 million ("MSF"). During the financial year ended 31 December 2015, the Group has injected additional capital totalling RM1.6 million (2014: RM3.15 million) to the subsidiary to maintain the MSF. The sale of the said subsidiary has been completed on 31 March 2016 as disclosed in Note 49(d) to the financial statements.

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43 RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

The Group's risk governance structure and risk reporting requirement is incorporated in the Group's Enterprise Risk Management ("ERM") 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 the 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 ERM Framework is premised with three lines of defence that serves as the guiding principles within the Group:

1. The first line of defense is the Business Units who are 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. Priority is 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 second line of defense is the Group Audit and Risk Department that provides independent oversight of the risk management activities of the first line of defense. The responsibilities of the second line functions typically include participating in risk management meetings, reviewing risk reports and validating compliance to the risk management framework requirements, with the objective of ensuring that risks are actively and appropriately managed.

3. The third line of defense is the internal auditors who report independently to the Audit Committee of the Board. The internal auditors review the first and second line of defense activities and results to ensure that the ERM arrangements and structures are appropriate and are discharging their roles and responsibilities completely and accurately.

The Group has also established management committees in the subsidiaries where applicable to act as a 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 compositions and ensuring that infrastructure, resources and systems are put in place for effective risk management activities.

44 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 considered 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:

	31.12.2015			31.12.2014		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Endowment	401,095	(1,858)	399,237	380,590	(2,850)	377,740
Term	64,642	(10,541)	54,101	65,455	(11,685)	53,770
	465,737	(12,399)	453,338	446,045	(14,535)	431,510

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 at 75% confidence level 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").

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44 INSURANCE/TAKAFUL RISK (continued)

(I) Family takaful contracts (continued)

Key assumptions (continued)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows: (continued)

(d) Expenses

Assumption varies by product type as follow:

Product Type	RM per certificate
Investment –linked	55
Ordinary Family	40
Group Family	11

(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	13	10	10	10	8
Takafulink Education	17	14	10	9	9	8	8
Takafulife Series	25	20	10	10	10	8	8
CancerCare	20	45	25	5	5	5	5
SmartMedic200	20	45	15	25	25	25	25
Term80	15	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+
Investment-linked	3	13	12	10	7	5
Ordinary Life Series	5	8	7	5	5	5

(g) Discount Rate

Discount rate used is the Government Investment Issue (“GII”) spot rate as at date of statement of financial position.

44 INSURANCE/TAKAFUL RISK (continued)

(I) Family takaful contracts (continued)

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 have 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.

	Impact on Family takaful contract liabilities			
	Change in assumptions	Gross	Net	(Loss)/Profit before taxation*
	%	RM'000	RM'000	RM'000
31 December 2015				
Mortality/morbidity	+10	5,175	2,267	(2,267)
Lapse and surrender rates	+10	(74)	127	(127)
Discount rate	+1	(3,247)	(2,511)	2,511
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

*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, industry sectors 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

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:

	31.12.2015			31.12.2014		
	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
Motor vehicle	-	-	-	14	-	14
Marine Cargo, Aviation Cargo and Transit	-	-	-	2,183	(262)	1,921
Miscellaneous	-	-	-	6,936	(1,496)	5,440
	-	-	-	32,957	(5,668)	27,289
Currency translation differences	-	-	-	1,898	(840)	1,058
	-	-	-	34,855	(6,508)	28,347

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 personnels 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 procedures.

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 legislations 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.

44 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Insurance Contracts (continued)

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 taxation**	**Equity**
	%	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2014					
Expected loss ratios	+10	11	11	(11)	(8)

There is no ELR as at 31 December 2015 as the Indonesia subsidiary engaged in General insurance business has been deconsolidated on 1 December 2015.

The method used in deriving sensitivity information and significant assumptions did not change from the previous period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 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 2015

	2010	2011	2012	2013	2014	2015	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(11,277)	(8,875)	(7,049)	(5,331)	(30)	-	
One year later	(21,362)	(30,379)	(27,754)	(13,523)	(224)	-	
Two years later	(7,090)	(12,160)	(15,353)	(3,375)	-	-	
Three years later	(1,485)	(33,768)	(1,253)	-	-	-	
Four years later	(2,888)	(110)	-	-	-	-	
Five years later	(2,389)	-	-	-	-	-	
Current payments to date	(2,389)	(110)	(1,253)	(3,375)	(224)	-	(7,351)
Currency translation differences							888
Gross benefits and claims paid							(6,463)

Net claims development for 2015

	2010	2011	2012	2013	2014	2015	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(6,765)	(5,326)	(6,056)	(3,405)	(13)	-	
One year later	(5,078)	(10,717)	(17,430)	(413)	(1)	-	
Two years later	(2,175)	(7,396)	(2,126)	(1,061)	-	-	
Three years later	(593)	(242)	(1,076)	-	-	-	
Four years later	(163)	(43)	-	-	-	-	
Five years later	(1,890)	-	-	-	-	-	
Current payments to date	(1,890)	(43)	(1,076)	(1,061)	(1)	-	(4,071)
Currency translation differences							618
Net benefits and claims paid							(3,453)

The Group used an annual average exchange rate to translate the foreign currency Indonesia Rupiah to Ringgit Malaysia.

44 **INSURANCE/TAKAFUL RISK** (continued)

(II) General insurance and General takaful contracts (continued)

General Insurance Contracts (continued)

Claims Development Table (continued)

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)	(14,246)	-	-	
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)	(14,246)	(13,523)	(30)	(64,455)
Currency translation differences							11,517
Gross benefits and claims paid							(52,938)

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)	(1,019)	-	-	
Three years later	(2,814)	(593)	(242)	-	-	-	
Four years later	(1,017)	(163)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(163)	(242)	(1,019)	(413)	(13)	(1,850)
Currency translation differences							155
Net benefits and claims paid							(1,695)

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 2015
(continued)

44 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:

			31.12.2015			31.12.2014
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fire	36,088	(32,102)	3,986	65,538	(62,583)	2,955
Motor vehicle	127,351	(77,766)	49,585	102,668	(75,146)	27,522
Marine Cargo, Aviation Cargo and Transit	10,790	(10,125)	665	13,494	(12,864)	630
Miscellaneous	81,405	(60,321)	21,084	65,539	(50,120)	15,419
	255,634	(180,314)	75,320	247,239	(200,713)	46,526

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 of prior estimate (for Bornhuetter-Ferguson based methods) for each accident year. For Frequency / Severity analysis, the assumption is 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. Assumptions are also made on the average size of claims and how they change over time. Any changes in claims 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 changes in 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 legislations 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, profit before tax and profit after 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 have to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

44 INSURANCE/TAKAFUL RISK (continued)

(II) General insurance and General takaful contracts (continued)

General Takaful Contracts (continued)

Sensitivities (continued)

		Impact on General takaful contract liabilities			
	Change in assumptions	**Gross**	**Net**	**Profit before taxation**	**Profit after taxation***
	%	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2015					
Average open claims	+10	25,563	7,532	(7,532)	(5,649)
Loss ratio	+10	30,527	10,690	(10,690)	(8,017)
Provision for risk of adverse deviation	+10	2,414	650	(650)	(487)
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	+10	246	40	(40)	(31)

*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

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 **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 2015

	2008	2009	2010	2011	2012	2013	2014	2015	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	6,816	24,168	54,138	57,359	75,801	122,510	173,322	153,400	
One year later	4,592	20,220	58,202	55,296	73,172	113,516	150,108	-	
Two years later	3,714	16,567	52,314	52,335	71,157	108,045	-	-	
Three years later	3,214	13,865	49,989	49,023	72,160	-	-	-	
Four years later	3,249	13,352	49,702	49,894	-	-	-	-	
Five years later	3,203	13,360	49,515	-	-	-	-	-	
Six years later	3,179	12,977	-	-	-	-	-	-	
Seven years later	3,129	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	3,129	12,977	49,515	49,894	72,160	108,045	150,108	153,400	
At end of accident year	(1,100)	(4,021)	(10,114)	(12,429)	(18,204)	(33,270)	(40,158)	(43,447)	
One year later	(2,807)	(9,177)	(29,052)	(34,709)	(45,537)	(67,240)	(93,627)	-	
Two years later	(3,035)	(10,278)	(35,595)	(39,689)	(51,451)	(85,084)	-	-	
Three years later	(3,076)	(12,049)	(37,091)	(43,152)	(56,490)	-	-	-	
Four years later	(3,089)	(12,107)	(39,485)	(44,206)	-	-	-	-	
Five years later	(3,092)	(12,339)	(39,916)	-	-	-	-	-	
Six years later	(3,092)	(12,377)	-	-	-	-	-	-	
Seven years later	(3,091)	-	-	-	-	-	-	-	
Cumulative payments to-date	(3,091)	(12,377)	(39,916)	(44,206)	(56,490)	(85,084)	(93,627)	(43,447)	
Gross General takaful contract liabilities	38	600	9,599	5,688	15,670	22,961	56,481	109,953	220,990
Provision for risk of adverse deviation									23,008
Pipeline business									11,636
Gross General takaful contract liabilities									255,634

44 **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 2015

	2008	2009	2010	2011	2012	2013	2014	2015	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	1,640	5,655	25,190	17,488	17,662	28,156	35,176	60,770	
One year later	1,642	6,165	24,835	15,510	17,635	25,865	35,319	-	
Two years later	1,370	5,340	23,500	14,818	16,905	26,826	-	-	
Three years later	1,198	5,206	22,573	14,495	16,821	-	-	-	
Four years later	1,230	5,040	22,407	14,467	-	-	-	-	
Five years later	1,213	4,989	22,233	-	-	-	-	-	
Six years later	1,202	4,775	-	-	-	-	-	-	
Seven years later	1,195	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	1,195	4,775	22,233	14,467	16,821	26,826	35,319	60,770	
At end of accident year	(339)	(1,548)	(5,284)	(4,927)	(5,573)	(9,537)	(10,443)	(19,313)	
One year later	(1,032)	(3,831)	(14,461)	(11,260)	(12,654)	(18,208)	(23,279)	-	
Two years later	(1,169)	(4,285)	(18,328)	(12,480)	(14,142)	(22,095)	-	-	
Three years later	(1,182)	(4,511)	(19,342)	(12,846)	(14,936)	-	-	-	
Four years later	(1,186)	(4,587)	(19,571)	(13,116)	-	-	-	-	
Five years later	(1,187)	(4,599)	(19,637)	-	-	-	-	-	
Six years later	(1,187)	(4,600)	-	-	-	-	-	-	
Seven years later	(1,187)	-	-	-	-	-	-	-	
Cumulative payments to-date	(1,187)	(4,600)	(19,637)	(13,116)	(14,936)	(22,095)	(23,279)	(19,313)	
Net General takaful contract liabilities	8	175	2,596	1,351	1,885	4,731	12,040	41,457	64,243
Provision for risk of adverse deviation									6,005
Pineline business									5,072
Net General takaful contract liabilities									75,320

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 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 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	122,510	173,322	
One year later	78	4,592	20,220	58,202	55,296	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)	(10,278)	(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

44 **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	17,662	28,156	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)	(9,537)	(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 2015
(continued)

45 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 the financial risk are credit risk, liquidity risk, market risk which comprise of currency risk, interest /profit rate risk and price risk.

The Group manages these positions within the risk management policies of the insurance/takaful subsidiaries to achieve long term investment returns in excess its obligations under the insurance/takaful contracts. The key principles of the policies are to match assets to the liabilities by reference to the type of benefits payable to policy/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 risk management policies are 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 explains how financial risks are managed by the Group. In particular, the risk management policies require the management of interest/profit 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/profit 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) investments in cash and corporate and Islamic debt securities and (ii) receivables including insurance/takaful receivables and reinsurance/retakaful assets. For investments in corporate and Islamic debt securities, a downgrade of credit rating or widening of credit spread may also incur financial loss. The reinsurance/retakaful share of unearned premium/contribution reserves in relation to the General fund and General Takaful fund and Qardhul Hassan are not financial instruments and hence are not exposed to credit risk.

Reinsurance/retakaful is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer/takaful operator. 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 contracts 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 2015
(continued)

45 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk 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 2015			
Reinsurance/retakaful assets	192,713	-	192,713
Financial assets at FVTPL:			
Unit trust*	1,941	-	1,941
Syariah-approved equity securities*	853	79,543	80,396
Islamic debt securities	-	54,000	54,000
Investment-linked units*	2,730	215,788	218,518
AFS financial assets:			
Equities securities*	29,972	-	29,972
Islamic debt securities	114,738	-	114,738
HTM financial assets:			
Malaysian Government Guarantee Financing	40,632	-	40,632
Loans and receivables:			
Loans	6,957	-	6,957
Fixed and call deposits	40,228	-	40,228
Insurance/takaful receivables	81,041	-	81,041
Trade and other receivables	39,351	987	40,338
Cash and cash equivalents	340,587	16,658	357,245
	891,743	366,976	1,258,719

* Not subject to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

45 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk Exposure (continued)

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.

COMPANY

	31.12.2015	31.12.2014
	RM'000	RM'000
AFS financial assets:		
Corporate debt securities	-	34,647
Loans and receivables:		
Loans	4	-
Fixed and call deposits	19,127	19,062
Trade and other receivables	39,383	45,847
Cash and cash equivalents	157,959	159,243
	216,473	258,799

45 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk 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 2015										
Reinsurance/retakaful assets	-	54,755	76,832	18,576	42,550	-	-	-	-	192,713
Financial assets at FVTPL:										
Unit trust	-	-	-	-	-	1,941	-	-	-	1,941
Syariah-approved equity securities	-	-	-	-	-	853	79,543	-	-	80,396
Islamic debt securities	-	-	-	-	-	-	54,000	-	-	54,000
Investment-linked units	-	-	-	-	-	2,730	215,788	-	-	218,518
AFS financial assets:										
Equities securities	-	-	-	-	-	29,972	-	-	-	29,972
Islamic debt securities	34,889	74,852	-	-	4,997	-	-	-	-	114,738
HTM financial assets:										
Malaysian Government Guarantee Financing	-	-	-	-	40,632	-	-	-	-	40,632
Loans and receivables:										
Loans	-	-	-	-	6,957	-	-	-	-	6,957
Fixed and call deposits	22,072	13,119	5,037	-	-	-	-	-	-	40,228
Insurance/takaful receivables	488	3,281	5,524	291	45,849	-	-	25,608	8,693	89,734
Trade and other receivables	-	-	-	-	39,351	-	987	-	38	40,376
Cash and cash equivalents	186,357	145,618	8,523	-	89	-	16,658	-	-	357,245
Allowance for impairment loss	-	-	-	-	-	-	-	-	(8,731)	(8,731)
	243,806	291,625	95,916	18,867	180,425	35,496	366,976	25,608	-	1,258,719

45 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk 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 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

45 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk 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/takaful 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/retakaful assets, particularly reinsurance/retakaful recoverable on outstanding claims. Collateral are held as securities for certain past due or impaired assets. The Group records impairment allowance for insurance/takaful receivables and loans and receivables and in separate allowance for impairment accounts.

GROUP

	> 60 days	**> 120 days**	**Total**
	RM'000	**RM'000**	**RM'000**
31 December 2015			
Insurance/takaful receivables	23,559	2,049	25,608
31 December 2014			
Insurance/takaful receivables	17,986	20,233	38,219

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 2015				
Loan and receivables:				
Loans	-	-	4	4
Fixed and call deposits	19,127	-	-	19,127
Trade and other receivables	-	-	39,383	39,383
Cash and cash equivalents	157,956	-	3	157,959
	177,083	-	39,390	216,473
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

45 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, unexpected high levels of policies lapses/surrenders, 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 flows 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 assets and liabilities based on outstanding terms to maturity still remaining. All liabilities are presented on a contractual cash flow basis except for insurance/takaful contract liabilities, the maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance/takaful liabilities.

The insurance/takaful contract liabilities below are gross of reinsurance (no reinsurance credit is taken into account). Investment-lined fund liabilities are repayable or transferrable upon notice by policy/certificate holders and are disclosed separately under the "investment-linked fund" column. Repayments which are subject to notices are treated as if notices were to be given immediately. Products which have no maturity benefits such as term assurance and yearly renewable plans are excluded as they carry no maturity values.

Available-for-sale fair value adjustments, 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.

45 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 2015									
Reinsurance/retakaful assets	192,713	127,523	49,428	6,443	2,798	6,521	-	-	192,713
Financial assets at FVTPL:									
Unit trust	1,941	-	-	-	-	-	1,941	-	1,941
Syariah-approved equity securities	80,396	-	-	-	-	-	853	79,543	80,396
Islamic debt securities	54,000	-	-	-	-	-	-	54,000	54,000
Investment-linked units	218,518	-	-	-	-	-	2,730	215,788	218,518
AFS financial assets:									
Equities securities	29,972	-	-	-	-	-	29,972	-	29,972
Islamic debt securities	114,738	-	14,691	23,305	80,537	47,566	-	-	166,099
HTM financial assets:									
Malaysian Government Guarantee Financing	40,632	-	-	-	45,918	19,295	-	-	65,213
Loans and receivables:									
Loans	6,957	6,939	18	-	-	-	-	-	6,957
Fixed and call deposits	40,228	41,009	-	-	-	-	-	-	41,009
Insurance/takaful receivables	81,041	81,041	-	-	-	-	-	-	81,041
Trade and other receivables	40,338	39,351	-	-	-	-	-	987	40,338
Cash and cash equivalents	357,245	341,548	-	-	-	-	-	16,658	358,206
	1,258,719	637,411	64,137	29,748	129,253	73,382	35,496	366,976	1,336,403
Takaful contract liabilities	723,342	590,351	69,790	7,826	5,874	33,458	16,043	-	723,342
Insurance/takaful payables	88,321	88,321	-	-	-	-	-	-	88,321
Trade and other payables	71,079	67,164	3,915	-	-	-	-	-	71,079
	882,742	745,836	73,705	7,826	5,874	33,458	16,043	-	882,742

45 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

45 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 2015								
Loans and receivables:								
Loans	4	2	2	-	-	-	-	4
Fixed and call deposits	19,127	19,380	-	-	-	-	-	19,380
Trade and other receivables	39,383	39,383	-	-	-	-	-	39,383
Cash and cash equivalents	157,959	158,280	-	-	-	-	-	158,280
	216,473	217,045	2	-	-	-	-	217,047
Trade and other payables	2,555	2,555	-	-	-	-	-	2,555
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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

45 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/profit rate risk 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 values 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 values 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. 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. 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.

45 **FINANCIAL RISK** (continued)

Market Risk (continued)

Interest/Profit Rate Risk (continued)

	Impact on profit before taxation		Impact on equity*	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
GROUP				
Interest/Profit Rate				
+ 100 basis points	3,606	3,064	1,879	(3,316)
- 100 basis points	(3,606)	(3,064)	(1,783)	3,623
COMPANY				
Interest/Profit Rate				
+ 100 basis points	-	1,782	-	602
- 100 basis points	-	(1,782)	-	(929)

* 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/profit rate 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, single security exposure of the portfolio against the limits set and using duration and convexity measurements.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

45 **FINANCIAL RISK** (continued)

Market Risk (continued)

Price Risk (continued)

GROUP

	Impact on profit before taxation		Impact on equity*	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Change in variables				
FTSE Bursa Malaysia				
- FBM KLCI +15% - gain	1,057	1,117	793	837
- FBM KLCI -15% - loss	(1,057)	(1,117)	(793)	(837)

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.

46 **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 will 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.

47 **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 2015
(continued)

48 INSURANCE FUNDS

Statement of Financial Position by Funds
As at 31 December 2015

	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	14,575	-	-	14,575
Investment properties	19,356	-	-	19,356
Intangible assets	3,571	-	-	3,571
Associates	67,954	-	-	67,954
Deferred tax assets	-	2,334	-	2,334
Tax recoverable	331	-	9	340
Reinsurance/retakaful assets	-	258,009	12,399	270,408
Investments	84,728	86,310	416,344	587,382
Financial assets at FVTPL	5,524	-	349,331	354,855
AFS financial assets	40,428	62,662	41,620	144,710
HTM financial assets	-	15,245	25,387	40,632
Loans and receivables	38,776	8,403	6	47,185
Insurance/takaful receivables	-	76,775	4,266	81,041
Trade and other receivables	36,152	3,101	1,085	40,338
Cash and cash equivalents	251,656	56,710	48,879	357,245
Assets classified as held for sale	6,393	-	-	6,393
Total assets	484,716	483,239	482,982	1,450,937
Equity, policyholders' funds and liabilities				
Liabilities				
Insurance/takaful contract liabilities	-	380,799	465,993	846,792
Deferred tax liabilities	900	-	389	1,289
Insurance/takaful payables	-	83,345	4,976	88,321
Trade and other payables	43,766	15,800	11,513	71,079
Current tax liabilities	4,118	-	216	4,334
Liabilities associated with assets classified as held for sale	1,281	-	-	1,281
Total liabilities	50,065	479,944	483,087	1,013,096
Equity				
Share capital	292,693	-	-	292,693
Treasury shares	(444)	-	-	(444)
Retained earnings	128,686	-	(16,043)	112,643
Reserves	5,160	-	-	5,160
Total equity attributable to the owners of the Company	426,095	-	(16,043)	410,052
Non-controlling interests	27,789	-	-	27,789
Total equity	453,884	-	(16,043)	437,841
Total equity, policyholders' funds and liabilities	503,949	479,944	467,044	1,450,937
Inter-fund balances	(19,233)	3,295	15,938	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 INSURANCE FUNDS (continued)

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
Treasury shares	(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	-

48 **INSURANCE FUNDS** (continued)

Income Statement by Funds
For the financial year ended 31 December 2015

Continuing operations

	Share-holders' fund	General fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	-	1	277,616	250,736	-	528,353
Premiums/contributions ceded to reinsurers/retakaful operators	-	-	(179,942)	(14,053)	-	(193,995)
Net earned premiums/contribution	-	1	97,674	236,683	-	334,358
Investment income	13,297	164	5,522	11,240	-	30,223
Realised gains and losses – net	(4,483)	-	(188)	5,331	-	660
Fair value gains and losses – net	3,177	-	-	12,144	-	15,321
Fee and commission income	-	-	41,876	-	-	41,876
Other operating revenue from non-insurance businesses	7,065	-	-	-	-	7,065
Other operating income/(expenses) – net	56,959	259	(1,938)	(1,058)	-	54,222
Surplus sharing from General takaful	1,518	-	-	-	(1,518)	-
Surplus sharing from Family takaful	11,250	-	-	-	(11,250)	-
Wakalah fee from takaful business	166,693	-	-	-	(166,693)	-
Other revenue	255,476	423	45,272	27,657	(179,461)	149,367
Total revenue	255,476	424	142,946	264,340	(179,461)	483,725
Gross benefits and claims paid	-	(6,463)	(122,839)	(161,027)	-	(290,329)
Claims ceded to reinsurers/retakaful operators	-	3,010	84,155	11,307	-	98,472
Gross change to contract liabilities	-	11,954	(10,111)	(15,269)	-	(13,426)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(6,497)	(20,399)	(925)	-	(27,821)
Net insurance/takaful benefits and claims	-	2,004	(69,194)	(165,914)	-	(233,104)
Fee and commission expenses	(97,315)	-	-	-	-	(97,315)
Management expenses	(124,036)	(1,753)	4,643	1,500	-	(119,646)
Expense liabilities	(377)	-	-	-	-	(377)
Surplus sharing with Shareholders' fund	-	-	(1,518)	(11,250)	12,768	-
Wakalah fees payable to Shareholders' fund	-	-	(75,356)	(91,337)	166,693	-
Other expenses	(221,728)	(1,753)	(72,231)	(101,087)	179,461	(217,338)
Share of profit of associates, net of tax	3,790	-	-	-	-	3,790
Profit/(loss) before zakat	37,538	675	1,521	(2,661)	-	37,073
Zakat	(72)	-	-	-	-	(72)
Profit/(loss) after zakat before taxation	37,466	675	1,521	(2,661)	-	37,001
Tax expenses attributable to participants	-	-	(970)	(2,034)	-	(3,004)
Profit/(loss) before taxation for Shareholders' fund	37,466	675	551	(4,695)	-	33,997
Taxation	(9,535)	-	(970)	(2,034)	-	(12,539)
Tax expenses attributable to participants	-	-	970	2,034	-	3,004
Tax expenses attributable to Shareholders' fund	(9,535)	-	-	-	-	(9,535)
Profit/(loss) for the financial year	27,931	675	551	(4,695)	-	24,462

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 **INSURANCE FUNDS** (continued)

Income Statement by Funds
For the financial year ended 31 December 2014

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	-	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	14,727	180	53	3,840	14,357	-	33,157
Realised gains and losses – net	821	56	-	(64)	21,378	-	22,191
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	7,094	-	-	-	-	-	7,094
Other operating income/ (expenses) – net	(3,800)	13,233	252	-	-	-	9,685
Surplus sharing from Family takaful	11,000	-	-	-	-	(11,000)	-
Wakalah fee from takaful business	169,288	-	-	-	-	(169,288)	-
Other revenue	199,477	13,469	(84)	47,700	7,438	(180,288)	87,712
Total revenue	199,477	13,576	(84)	115,428	369,244	(180,288)	517,353
Gross benefits and claims paid	-	(52,938)	-	(86,131)	(192,031)	-	(331,100)
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	-	623	489	(35,131)	(271,621)	-	(305,640)
Fee and commission expenses	(102,615)	-	-	-	-	-	(102,615)
Management expenses	(99,837)	2,792	(222)	(10,508)	(805)	-	(108,580)
Expense liabilities	(2,525)	-	-	-	-	-	(2,525)
Surplus sharing with Shareholders' fund	-	-	-	-	(11,000)	11,000	-
Wakalah fees payable to Shareholders' fund	-	-	-	(72,300)	(96,988)	169,288	-
Finance costs	(325)	-	-	-	-	-	(325)
Other expenses	(205,302)	2,792	(222)	(82,808)	(108,793)	180,288	(214,045)

48 **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 taxation	(3,505)	16,991	183	(2,511)	(11,170)	-	(12)
Tax income/(expenses) attributable to participants	-	-	-	1,960	(178)	-	1,782
(Loss)/profit before taxation for Shareholders' fund	(3,505)	16,991	83	(551)	(11,348)	-	1,770
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	(4,935)	16,991	183	(551)	(11,348)	-	340

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 INSURANCE FUNDS (continued)

Income Statement by Funds
For the financial year ended 31 December 2015

Discontinued operations

	Shareholders' fund	Total
	RM'000	RM'000
Investment income	148	148
Other operating revenue from non-insurance businesses	269	269
Other revenue	417	417
Total revenue	417	417
Management expenses	(1,788)	(1,788)
Other expenses	(1,788)	(1,788)
Loss before taxation	(1,371)	(1,371)
Taxation	-	-
Loss for the financial year	(1,371)	(1,371)

Income Statement by Funds

For the financial year ended 31 December 2014

Discontinued operations

	Shareholders' fund	Total
	RM'000	RM'000
Investment income	156	156
Realised gains and losses	7,588	7,588
Other operating revenue from non-insurance businesses	100	100
Other operating income - net	12,864	12,864
Other revenue	20,708	20,708
Total revenue	20,708	20,708
Management expenses	(3,234)	(3,234)
Other expenses	(3,234)	(3,234)
Profit before taxation	17,474	17,474
Taxation	(21)	(21)
Profit for the financial year	17,453	17,453

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 **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 2015						
Cash flows from:						
Operating activities	80,189	(827)	(420)	15,523	(30,300)	64,165
Investing activities	(16,102)	-	-	(6,935)	-	(23,037)
Financing activities	(7,178)	-	-	-	-	(7,178)
Net increase/(decrease) in cash and cash equivalents	56,909	(827)	(420)	8,588	(30,300)	33,950
Currency translation differences	(18,973)	-	-	-	-	(18,973)
Cash and cash equivalents at beginning of financial year	213,720	827	420	48,122	79,179	342,268
Cash and cash equivalents at end of financial year	251,656	-	-	56,710	48,879	357,245
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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

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

(a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of the Listing Requirements, such as consolidated shareholders' equity of 25% or less of the issued and paid up share capital, a default in payment by the Group, the auditors having expressed an adverse or disclaimer opinion on the Company's latest audited accounts, etc.

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

The Extension of Time of up to 30 June 2016 for the Company to submit a regularisation plan is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

(i) The Company fails to submit a regularisation plan to the regulatory authorities on or before 30 June 2016;

(ii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and

(iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

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

(b) On 20 May 2015, MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary of MAA Corporation Sdn Bhd ("MAA Corp"), who in turn a wholly owned subsidiary of the Company, disposed its entire equity interest held in a dormant subsidiary, MAACA Corporate Services Sdn Bhd ("MAACACS") that has ceased operations for a total cash consideration of RM10, arrived at on a willing-buyer and willing-seller basis after taking into considerations the net assets of MAACACS as at 30 April 2015 of RM10.

(c) On 16 June 2015, the Company announced that Bank Negara Malaysia ("BNM") had via its letter dated 15 June 2015 stated it has no objection in principle for the Company, Solidarity Group Holding BSC (Closed) ("Solidarity") (holding 25% equity interest in MAA Takaful Berhad ("MAA Takaful")) and Zurich Insurance Company Ltd ("Zurich") to commence negotiations for the proposal disposal of 100% equity interest held in MAA Takaful ("Proposed Disposal"). The Company, Solidarity and Zurich would be required to obtain the prior approval of the Minister of Finance, with the recommendation of BNM, pursuant to the Islamic Financial Services Act 2013, before entering into any agreement to effect the Proposed Disposal.

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

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

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

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

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

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

50 RECLASSIFICATION OF COMPARATIVES

The following table discloses certain comparatives which were reclassified to conform to the current financial year's presentation of financial statements in respect of discontinued operations of MAACA Corporate Services Sdn Bhd and MAA Cards Sdn Bhd during the financial year.

Income Statement

For the financial year ended 31 December 2014

	As previously reported	Reclassification	Restated
	RM'000	RM'000	RM'000
CONTINUING OPERATIONS			
Investment income	33,310	(153)	33,157
Realised gains and losses	22,166	25	22,191
Other operating revenue from non-insurance businesses	7,194	(100)	7,094
Management expenses	(111,642)	3,062	(108,580)
(Loss)/profit before zakat	(2,846)	2,834	(12)
(Loss)/profit after zakat before taxation	(2,846)	2,834	(12)
(Loss)/profit before taxation for Shareholders' fund	(1,064)	2,834	1,770
(Loss)/profit for the financial year from continuing operations	(2,494)	2,834	340
DISCONTINUED OPERATIONS			
Profit before taxation	20,308	(2,834)	17,474
Profit for the financial year from discontinued operations	20,287	(2,834)	17,453

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings:				
Realised	91,590	109,455	12,191	55,155
Unrealised	13,030	(78)	(107)	(122)
	104,620	109,377	12,084	55,033
Total share of accumulated profits/(losses) from associates:				
- Realised	2,013	(6,131)	-	-
- Unrealised	3,929	8,283	-	-
	5,942	2,152	-	-
	110,562	111,529	12,084	55,033
Less: Consolidation adjustments	2,081	2,316	-	-
Total retained earnings	112,643	113,845	12,084	55,033

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 2016

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held	% of Issued Capital (N1)
Tunku Dato' Yaacob Khyra ("TY") *Indirect Interest*	105,777,084	36.47#
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY") *Indirect Interest*	105,777,084	36.47*
Khyra Legacy Berhad ("Khyra") *Indirect Interest*	105,777,084	36.47#
Iternum Melewar Sdn Bhd ("IMSB") *Indirect Interest*	105,777,084	36.47+
Melewar Equities Sdn Bhd ("MESB") *Direct Interest*	38,513,030	13.28#
Melewar Khyra Sdn Bhd ("MKSB") *Direct Interest*	40,326,110	13.91#
Melewar Equities (BVI) Ltd ("MEBVI") *Direct Interest*	26,937,944	9.29#

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name	**Direct**	**% (N1)**	**Indirect**	**% (N1)**
TY	-	-	105,777,084	36.47#
TYY	-	-	105,777,084	36.47*
Tan Sri Ahmad bin Mohd Don	2,055,000**	0.71	-	-
Tan Sri Datuk Seri Razman Md Hashim	150,000	0.05	-	-
Yeo Took Keat	80,000	0.03	-	-

Notes:

N1 *The percentages of substantial shareholders' 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 2,688,000 Treasury Shares held by the Company.*

Deemed interested by virtue of TY being the founder and ultimate beneficial owner of Khyra, being the holding company of MKSB, MESB and MEBVI who are the substantial shareholders of the Company.

+ *IMSB is deemed interested in the Company by virtue of it being the holding company of MESB who in turn is the subsidiary company of Khyra. 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 2016

Authorised Capital	RM500,000,000
Issued and Paid-up Capital	RM292,692,252
Class of Shares	Ordinary Shares of RM1.00 each
Total Number of Shares Issued	292,692,252
Number of Shareholders	6,201

Breakdown of shareholdings

Size Of Holdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 - 99	318	5.13	10,010	0.00
100 - 1000	820	13.22	600,062	0.21
1001 - 10000	3,330	53.70	16,663,909	5.69
10001 - 100000	1,485	23.95	48,802,154	16.67
100001 and below 5%	245	3.95	120,839,033	41.29
5% and above	3	0.05	105,777,084	36.14
TOTAL	**6,201**	**100.00**	**292,692,252**	**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	13.91
2	Melewar Equities Sdn Bhd	38,513,030	13.28
3	Melewar Equities (BVI) Ltd	26,937,944	9.29
4	CIMB Group Nominees (Asing) Sdn Bhd *Beneficiary : Exempt An For DBS Bank Ltd (SFS)*	5,727,100	1.97
5	Citigroup Nominees (Asing) Sdn Bhd *Beneficiary : Exempt An For UBS Switzerland AG (Clients Assets)*	5,575,900	1.92
6	Affin Hwang Nominees (Asing) Sdn Bhd *Beneficiary : UOB Kay Hian Pte Ltd For Bradford Securities Ltd*	5,406,900	1.86
7	UOB Kay Hian Nominees (Asing) Sdn Bhd *Beneficiary : Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	5,074,909	1.75
8	Ng Long Tiang	3,000,000	1.03
9	Ong Wan Chin	2,830,000	0.98
10	Siva Kumar A/L M Jeyapalan	2,624,800	0.90
11	Maybank Securities Nominees (Asing) Sdn Bhd *Beneficiary : Maybank Kim Eng Securities Pte Ltd For Kegani Pacific Ltc Fund L.P.*	2,608,400	0.90
12	Micheal Ooi Chung Ghee	1,904,000	0.66

STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2016
(continued)

List of Top Thirty Shareholders (continued)

No.	Name	No. Of Shares Held	% Of Issued Capital (N1)
13	Kenanga Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Goh Tai Siang*	1,855,300	0.64
14	Loh Kah Wai	1,700,000	0.59
15	CIMSEC Nominees (Tempatan) Sdn Bhd *Beneficiary : CIMB For Ahmad Bin Mohd Don (PB)*	1,575,000	0.54
16	Maybank Nominees (Tempatan) Sdn Bhd *Beneficiary : Fua Kia Pha*	1,543,100	0.53
17	HSBC Nominees (Asing) Sdn Bhd *Beneficiary : Exempt An For Bank Julius Baer & Co. Ltd*	1,440,000	0.50
18	Dennis Koh Seng Huat	1,407,300	0.49
19	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Law Yoke Kuan (E-KPG)*	1,325,400	0.46
20	Loh Kah Wai	1,300,000	0.45
21	HSBC Nominees (Asing) Sdn Bhd *Beneficiary : Exempt An For BSI SA (Non Resident)*	1,201,000	0.41
22	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Lim Chou Bu (E-KPG)*	1,165,000	0.40
23	Nirmala Navinchandra Shah	1,154,600	0.40
24	Goh Teck Yiew	1,147,200	0.40
25	Chuah Sze Ming	1,120,000	0.39
26	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Wong Sui Yuing (E-BTL)*	1,099,200	0.38
27	Lew Soon Kiak	1,088,000	0.37
28	AMSEC Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Goh Tai Siang*	1,020,600	0.35
29	Juliana Koh Suat Lay	1,018,000	0.35
30	Affin Hwang Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account For Yeow Mei Li (YEO0952C)*	1,000,000	0.34
	TOTAL	**163,688,793**	**56.44**

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 2,688,000 Treasury Shares held by the Company.

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NOTICE
There will be no distribution of door gifts

FORM OF PROXY

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 **18th 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 Monday, 20 June 2016 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 18th 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 2016 to 30 June 2017 to be payable quarterly in arrears.				
	To re-elect the following Directors of the Company who are retiring pursuant to Article 113(1) of the Company's Articles of Association:-				
Resolution 2	(i) Tunku Dato' Yaacob Khyra				
Resolution 3	(ii) Dato' Narendrakumar Jasani a/l Chunilal Rugnath				
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.				

(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 ________________ 2016

____
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)(a)&(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 18th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) 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 14 June 2016. Only a depositor whose name appears on the Record of Depositors as at 14 June 2016 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) Continuing in Office as Independent Non-Executive Directors

At the last AGM in 2015, the shareholders of the Company had approved the continuation in office of both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don as Independent Non-Executive Directors of the Company until the conclusion of this AGM.

In line with the recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Proposed Resolutions 6 and 7, if passed, will enable both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Listing Requirements of Bursa Securities.

Both Nomination and Remuneration Committee and the Board have assessed the independence of Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company until the conclusion of the next AGM.

The justifications of the Board of Directors for recommending and supporting the Proposed Resolutions 6 and 7 are set out under Notice of the 18th AGM in the Company's Annual Report 2015.

(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 17th AGM held on 28 May 2015 and which will lapse at the conclusion of the 18th AGM to be held on 20 June 2016.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 6 and 7 as mentioned above is set out in the Circular to Shareholders of the Company dated 29 April 2016 which is despatched together with the Company's 2015 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)

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