MAA GROUP BERHAD

(471403-A)

Annual Report 2017

CONTENTS

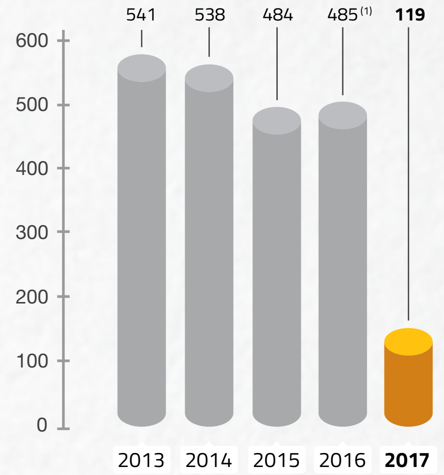
FINANCIAL HIGHLIGHTS

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

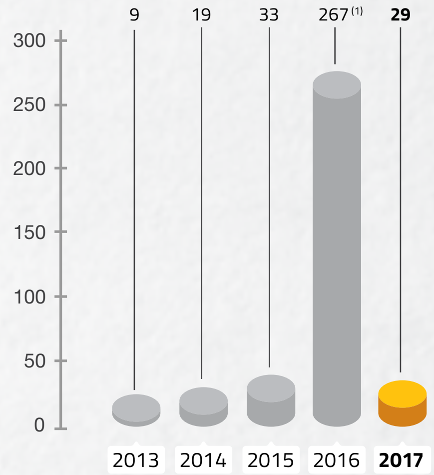
Year Ended 31 December	2017	(Restated) 2016	2015	2014	2013
Statements of Profit or Loss (RM' million)					
Total Revenue	**119**	485 [1]	484	538	541
Profit Before Taxation	**29**	267 [1]	33	19	9
Statements of Financial Position (RM' million)					
Total Assets	**779**	559	1,451	1,560	1,359
Total Borrowings	**-**	-	-	-	5
Shareholders' Equity	**559**	546	410	424	431
Financial Ratios					
Return on Capital Employed	**5.2%**	48.9%	8.0%	4.5%	2.1%
Return on Total Assets	**3.7%**	47.8%	2.3%	1.2%	0.7%
Earnings per Share (sen)	**9.2**	92.3	8.3	5.5	1.6
Net Asset per Share (RM)	**2.0**	2.0	1.4	1.4	1.4

(1) Included six (6) months results of subsidiary, MAA Takaful Berhad (now known as Zurich Takaful Malaysia Berhad) before the completion of its disposal to Zurich Insurance Company Ltd ("Zurich") on 30 June 2016.

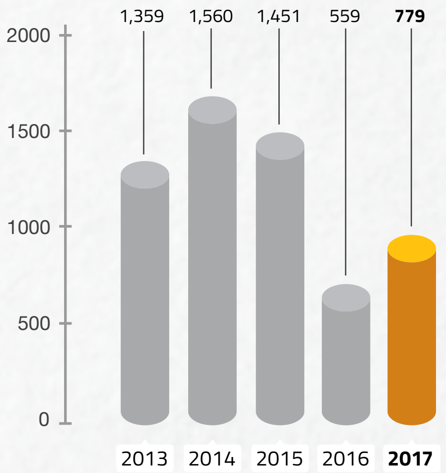
Total Revenue
(RM Million)



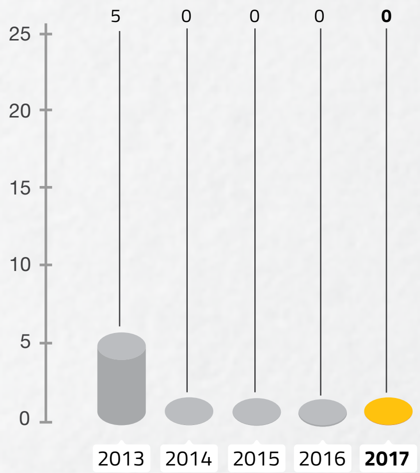
Profit Before Taxation
(RM Million)



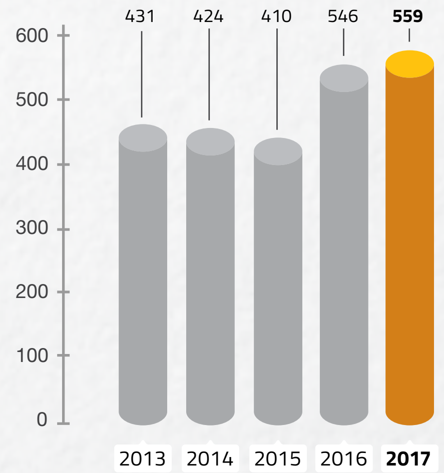
Total Assets
(RM Million)



Total Borrowings
(RM Million)



Shareholders' Equity
(RM Million)



(1) Included six (6) months results of subsidiary, MAA Takaful Berhad (now known as Zurich Takaful Malaysia Berhad) before the completion of its disposal to Zurich on 30 June 2016.

BOARD OF DIRECTORS

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

2. **Yeo Took Keat**
   Non-Independent Non-Executive Director

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

5. **Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan**
   Independent Non-Executive Director
   Member of Audit Committee
   Member of Risk & Sustainability Management Committee
   Member of Nomination and Remuneration Committee

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

7. **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 & Sustainability Management Committee

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

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

10. **Datin Seri Raihanah Begum Binti Abdul Rahman**
Independent Non-Executive Director
Member of Audit Committee
Member of Risk & Sustainability Management Committee
Member of Nomination and Remuneration Committee

BOARD OF DIRECTORS' PROFILE

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 in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is a Board Member of MIG, MSB, Melewar Group Berhad, Khyra Legacy Berhad, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C., IB Capital B.S.C. (Closed) and several private limited companies. His shareholdings in the Company is disclosed on page 200 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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TUNKU DATO' YAACOB KHYRA
Aged 57, Malaysian, Male
Executive Chairman

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 ("Gas Malaysia") 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 Life 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 was also appointed as Non-Independent Non-Executive Director of MAA Takaful Berhad ("MAAT") (now known as Zurich Takaful Malaysia Berhad) in May 2007. He ceased to be the Director of MAAT when MAAT was sold to ZIC on 30 June 2016.

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 Columbus Capital Pty Limited and MAA International Group Ltd. He also sits on the Board of another subsidiary of the group, namely Menang Bernas Sdn Bhd.

Datuk Umar is also a Member of the Board of Trustees for MAA-Medicare Charitable Foundation and 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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATUK MUHAMAD UMAR SWIFT
Aged 53, Permanent Resident, Male
Chief Executive Officer/Group Managing Director

Mr Yeo Took Keat was appointed to the Board on 24 February 2005. He was re-designated as Non-Independent Non-Executive Director of the Company on 2 January 2018 upon his retirement as the Group Chief Operating Officer of the Company in December 2017.

Mr Yeo has vast experience in accounting and finance having served with various capacities in insurance companies and audit firms upon completing his studies in 1980. He joined Malaysian Assurance Alliance Berhad (now known as Zurich Life 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.

Mr Yeo currently sits on the Boards of MAA Credit Berhad and MAA International Group Ltd, the subsidiaries of the Company.

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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 200 of the Annual Report.

YEO TOOK KEAT
Aged 60, Malaysian, Male
Non-Independent Non-Executive Director

Tan Sri Datuk Seri Razman Md Hashim was appointed to the Board on 1 July 2006 as an Independent Non-Executive Director. Tan Sri Datuk Seri Razman is the Chairman of the Nomination and Remuneration Committee of the Company. He is also a Member of the Audit Committee and Risk & Sustainability Management Committee of the Company.

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

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad ("SCB") as an Officer Trainee in 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 Life 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 Marine & General Berhad (formerly known as SILK Holdings Berhad), Berjaya Land Berhad, Sunway Berhad, Zurich Takaful Malaysia Berhad (formerly known as 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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 200 of the Annual Report.

TAN SRI DATUK SERI RAZMAN MD HASHIM
Aged 78, Malaysian, Male
Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk & Sustainability Management Committee

BOARD OF DIRECTORS' PROFILE
(continued)

Tan Sri Ahmad bin Mohd Don was appointed to the Board on 13 October 2006 as an Independent Non-Executive Director. Tan Sri Ahmad is a Member of Audit Committee, Risk & Sustainability Management Committee and Nomination and Remuneration Committee of the Company.

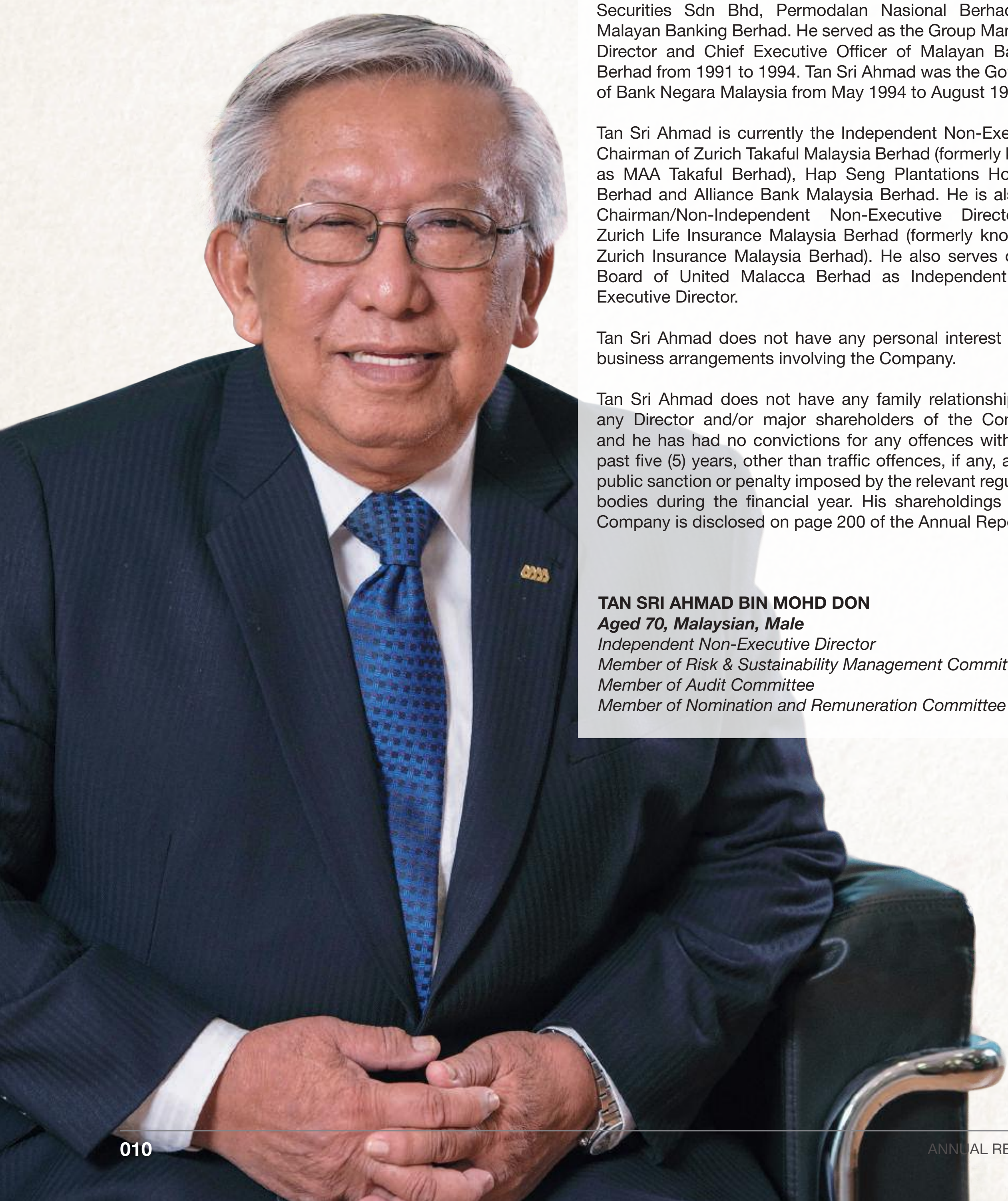
Tan Sri Ahmad is a Summa cum Laude graduate in Economics and Business from the Aberystwyth University, United Kingdom. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants.

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.

Tan Sri Ahmad is currently the Independent Non-Executive Chairman of Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad), Hap Seng Plantations Holdings Berhad and Alliance Bank Malaysia Berhad. He is also the Chairman/Non-Independent Non-Executive Director of Zurich Life Insurance Malaysia Berhad (formerly known as Zurich Insurance Malaysia Berhad). He also serves on the Board of United Malacca Berhad as Independent Non-Executive Director.

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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 200 of the Annual Report.



TAN SRI AHMAD BIN MOHD DON
Aged 70, Malaysian, Male
Independent Non-Executive Director
Member of Risk & Sustainability Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

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.

Tunku Yahaya graduated in 1983 with a Bachelor of Science (Hons) Degree in Economics and Accountancy from 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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
Aged 56, Malaysian, Male
Non-Independent Executive Director

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 & Sustainability Management Committee and a Member of Audit Committee and Nomination and Remuneration Committee of the Company.

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

Dato' Jasani also actively contributes towards the professional development of the accounting standards and practice. In September 2017, he was elected as the Vice President of Malaysian Institute of Accountants (MIA) and to the MIA Council. Apart from the Council, Dato' Jasani is involved in a number of Committees including as Chairman of the important Public Practice Committee (PPC). He is also a Member of the Small & Medium Practice Committee (SMP), Insolvency Practice Committee (IPC), Valuation Committee (VC) and the Monitoring Committee (MC).

In his professional capacity, he established the Malaysian chapter of the Institute of Chartered Accountants in England & Wales ("ICAEW") in July 2002 and was the Chairman for 4 years. He remains actively involved as the ICAEW Past Chairman and Adviser. For initiating the Malaysian ICAEW Chapter and then the successful student training, he was awarded the Life Time Achievement Award by ICAEW.

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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' NARENDRAKUMAR JASANI
A/L CHUNILAL RUGNATH
Aged 68, Malaysian, Male
Independent Non-Executive Director
Chairman of Risk & Sustainability Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

Mr Onn Kien Hoe was appointed to the Board on 5 September 2012 as an Independent Non-Executive Director. Mr Onn is the Chairman of the Audit Committee of the Company and a Member of Risk & Sustainability Management Committee and Nomination and Remuneration Committee of the Company. He currently sits on the Boards of Nova MSC Berhad, Avillion Berhad (formerly known as Reliance Pacific Berhad), Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad), Zurich General Insurance Malaysia Berhad, MAA International Group 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 ("MICPA").

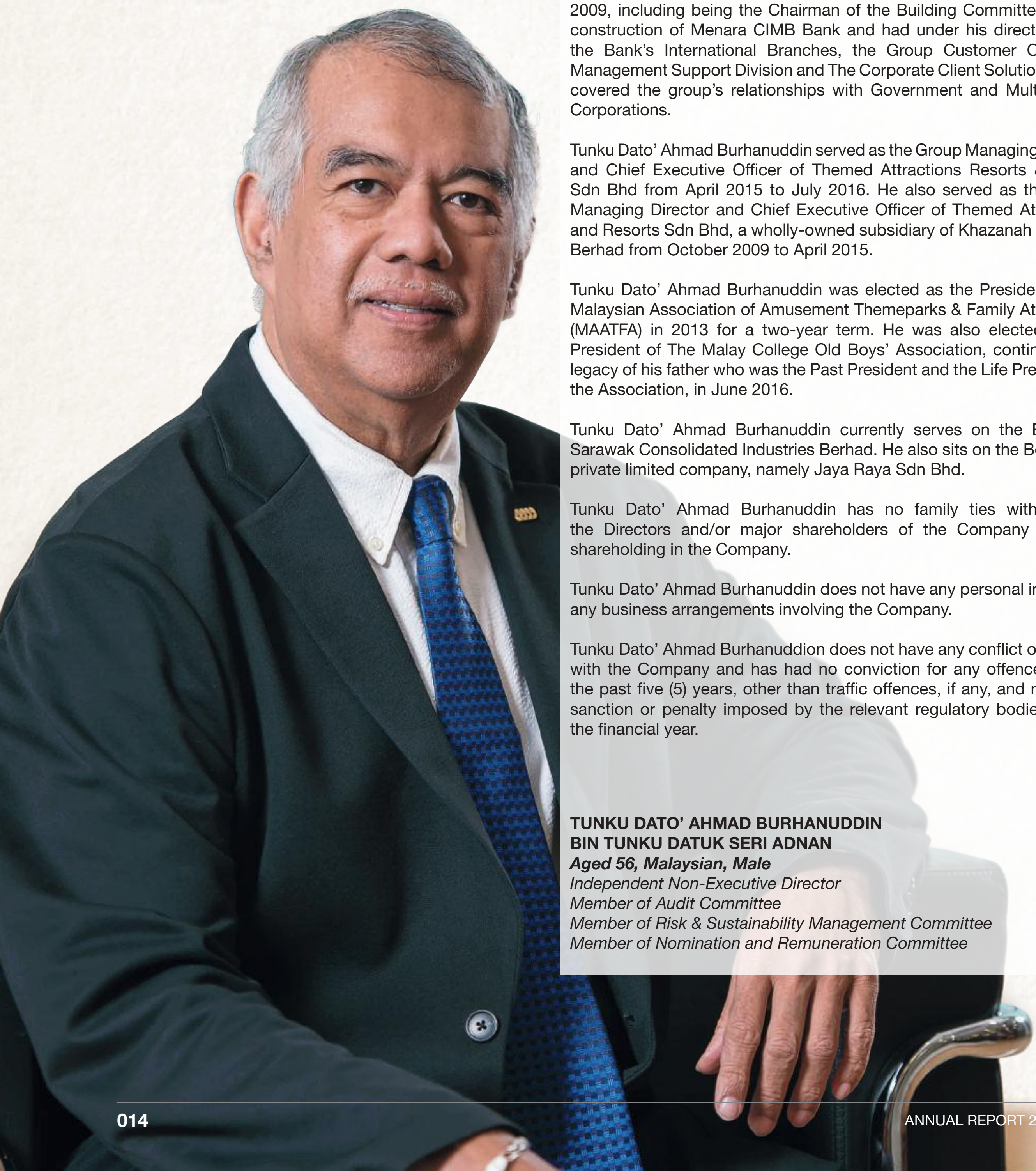
Mr Onn is a partner with Crowe Horwath, an internationally affiliated accounting firm, and his role includes acting as the Co-Head of the Corporate Advisory Division of Crowe Horwath. Mr Onn has served as an examiner for the MICPA and is a Member of the Interpretation Committee of the Malaysian Accounting 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 five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ONN KIEN HOE
Aged 53, Malaysian, Male
Independent Non-Executive Director
Chairman of Audit Committee
Member of Risk & Sustainability Management Committee
Member of Nomination and Remuneration Committee



Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan was appointed to the Board on 26 May 2017 as an Independent Non-Executive Director. Tunku Dato' Ahmad Burhanuddin is a Member of Audit Committee, Risk & Sustainability Management Committee and Nomination and Remuneration Committee of the Company.

Tunku Dato' Ahmad Burhanuddin is an accountant by qualification. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Malaysian Accountants.

Tunku Dato' Ahmad Burhanuddin served as the Executive Director of CIMB Bank, the Financial Controller (CFO) of Commerce Asset Holdings (now known as CIMB Bank Berhad), Executive Director of Commerce Asset Fund Managers, Group Chief Internal Auditor of the Commerce Group and chaired various committees in CIMB Bank from year 2001 to 2009, including being the Chairman of the Building Committee for the construction of Menara CIMB Bank and had under his direct purview the Bank's International Branches, the Group Customer Care and Management Support Division and The Corporate Client Solutions which covered the group's relationships with Government and Multinational Corporations.

Tunku Dato' Ahmad Burhanuddin served as the Group Managing Director and Chief Executive Officer of Themed Attractions Resorts & Hotels Sdn Bhd from April 2015 to July 2016. He also served as the Group Managing Director and Chief Executive Officer of Themed Attractions and Resorts Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad from October 2009 to April 2015.

Tunku Dato' Ahmad Burhanuddin was elected as the President of the Malaysian Association of Amusement Themeparks & Family Attractions (MAATFA) in 2013 for a two-year term. He was also elected as the President of The Malay College Old Boys' Association, continuing the legacy of his father who was the Past President and the Life President of the Association, in June 2016.

Tunku Dato' Ahmad Burhanuddin currently serves on the Board of Sarawak Consolidated Industries Berhad. He also sits on the Board of a private limited company, namely Jaya Raya Sdn Bhd.

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

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

Tunku Dato' Ahmad Burhanuddion does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TUNKU DATO' AHMAD BURHANUDDIN
BIN TUNKU DATUK SERI ADNAN
Aged 56, Malaysian, Male
Independent Non-Executive Director
Member of Audit Committee
Member of Risk & Sustainability Management Committee
Member of Nomination and Remuneration Committee

Datin Seri Raihanah Begum Bt Abdul Rahman, was appointed to the Board on 22 February 2018.

Datin Seri Raihanah is an Associate of the Chartered Insurance Institute (UK) and the Malaysian Insurance Institute. As a scholar of American Malaysian Insurance Sdn Bhd (later known as CIMB Bank Insurance) she started her insurance career with the company immediately after successfully completing her course in 1984 and has held various positions in the Underwriting and Marketing Departments before leaving in 1988 to join Malene Insurance Brokers Sdn Bhd ("Malene").

During her 10-year service at Malene, she was exposed to various aspects of the oil and gas industry and was involved in the Insurance programmes for Petronas, Shell, Esso (now known as Exxon-Mobil) and various other oil and gas-related companies such as Gas Malaysia Sdn Bhd and MISC Berhad. Her experience also included an attachment with a London-based Lloyds broker.

She left Malene in 1997 when she was the Acting Chief Executive Officer, to dedicate more time in bringing up her three young children. To ensure that she was in touch with the insurance industry and coupled with her experience and knowledge in insurance underwriting and broking, she made time, from 1998 to 1999, while being a homemaker, to be a part-time lecturer with the Malaysian Insurance Institute who conducted short courses for those in the insurance industry to obtain a more in-depth knowledge of the business.

In August 2005, Datin Seri Raihanah was appointed as a Non-Executive Director to the board of a public-listed fibre-based manufacturing company called Wang Zheng Berhad ("Wang Zheng"). She served as an active board member at Wang Zheng for 8 years.

She was also appointed as a member of the Board of Trustees for the Malaysian Medical Association (MMA) Foundation for a three-year term from 2007. MMA Foundation is a non-profit organization which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

She was also recently appointed to the Board of AngsanaCare, a non-profit organization dedicated to assisting in pediatric palliative care programs.

Datin Seri Raihanah does not have any personal interest in any business arrangements involving the Company.

Datin Seri Raihanah does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATIN SERI RAIHANAH BEGUM BT ABDUL RAHMAN
Aged 56, Malaysian, Female
Independent Non-Executive Director
Member of Audit Committee
Member of Risk & Sustainability Management Committee
Member of Nomination and Remuneration Committee

KEY SENIOR MANAGEMENT PROFILE

TUNKU DATO' YAACOB KHYRA
Aged 57, Malaysian, Male
Executive Chairman

Tunku Dato' Yaacob Khyra has been a Director of the Company since its inception in November 1998. He was appointed as the Group Managing Director/Chief Executive Officer of the Company in 1999. Subsequently, he was re-designated as Executive Chairman of the Company on 28 August 2008. His personal profile is listed in the Board of Directors' Profile on page 006 of this Annual Report.

DATUK MUHAMAD UMAR SWIFT
Aged 53, Permanent Resident, Male
Chief Executive Officer/Group Managing Director

Datuk Muhamad Umar Swift was appointed as Chief Executive Officer/Group Managing Director of the Company on 7 September 2006. His personal profile is listed in the Board of Directors' Profile on page 007 of this Annual Report.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
Aged 56, Malaysian, Male
Non-Independent Executive Director

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company 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 the Company. His personal profile is listed in the Board of Directors' Profile on page 011 of this Annual Report.

DANIEL C. GO
Aged 56, Filipino, Male
President/Chief Executive Officer ("CEO")

Mr Daniel C. Go is the President/CEO of MAA General Assurance Philippines, Inc. since the commencement of the company's operation in 2001. He is one of the founder and pioneer of MAAGAP.

He was appointed as a Director of MAA Mutualife Philippines, Inc. in April 2003.

Mr Daniel C. Go has more than 35 years of work experience in the field of Non-Life Insurance. His career in insurance started in the middle of 1982 when he joined Prudential Guarantee and Assurance Inc. (PGAI) as a claims clerk for motor car. He rose from the ranks and became Assistant Vice President – Claims for All Lines then was further promoted to become Vice President for Marketing until 2001.

Mr Go studied Bachelor of Science in Commerce, Major in Management at the University of the East.

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

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

Mr Go does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ANAND KANAGASINGAM
Aged 36, Malaysian, Male
General Manager

Mr Anand Kanagasingam was appointed as the General Manager of the Company on 18 September 2017.

Mr Kanagasingam holds a Bachelor of Commerce in Corporate Finance & Marketing awarded by the University of Adelaide, Australia.

He has over 10 years of credit and client relationship management experience in Corporate/Commercial Banking. Mr Kanagasingam began his career in the banking industry serving various renowned banks in Malaysia and the United Arab Emirates such as Affin Bank Berhad, the National Bank of Abu Dhabi, Standard Chartered Bank and Union National Bank.

Prior to joining the Company, Mr Kanagasingam served the National Bank of Abu Dhabi as an Associate Director – Business Banking.

He also serves on the Boards of several private limited companies in the group.

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

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

Mr Kanagasingam does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

LIM YONG HUEY
Aged 54, Malaysian, Female
Senior Vice President – Group Finance

Ms Lim Yong Huey started her career as an auditor having served various capacities in audit firms the last with Price Waterhouse before she left the audit profession to join the commercial working as a finance manager in a public listed company.

In August 2000, she joined the Company as Executive Manager – Group Finance and progressed within the Company to the position of Senior Vice President – Group Finance in January 2011. As the Senior Vice President – Group Finance, she oversees the overall finance functions, which include financial reporting, finance operations, budgeting, treasury, taxation, payroll and office administration.

She is a Fellow member of the Association Chartered Certified Accountants (“ACCA”), United Kingdom.

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

Ms Lim does not have any personal interest in any business arrangements involving the Company.

Ms Lim does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MUHAMMAD SAKIN SIM BIN ABDULLAH
Aged 51, Malaysian, Male
Vice President – Technical & Finance

Mr Sakin has more than 27 years of work experience in the field of Non-Life Insurance. His career in insurance started in the middle of 1990 when he joined Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad) as a Junior Accounting Executive.

Mr Sakin rose from the ranks and was delegated his first foreign assignment where he was seconded by MAA Holdings (BVI) Ltd to MAA General Assurance Philippines, Inc. ("MAAGAP") to head the Accounting & Finance Department of MAAGAP in December 2001. He currently holds the position of Treasurer / Vice President of MAAGAP.

Mr Sakin completed his Diploma (LCCI) in Book-keeping & Accounting from Systematic Kuala Lumpur and also received his Diploma for the Non-Life Insurance Examination awarded by the Malaysian Insurance Institute (MII).

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

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

Mr Sakin does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

JANICE NG CHOI THENG
Aged 43, Malaysian, Female
Assistant Vice President - Group Legal, Compliance & Custodian

Ms Janice Ng joined the Company on 1 November 2007. In 2011, she was promoted to Senior Manager to manage and oversee the Group Legal Affairs & Compliance Department of the Company. She was subsequently promoted to her current position in 2014.

Ms Janice Ng completed her Bachelor of Laws LL.B. (Upper Second Class Honours) from University of East London, United Kingdom in 1996 and is called to the Malaysian Bar.

Ms Janice Ng has more than 19 years legal experience, and she has held positions as legal counsel in various corporations in the banking, technology and financial services sector before joining the Company. She started her legal career with Southern Bank Berhad in 1997, and thereafter continued as a corporate lawyer with an MSC status IT company specialising in business to business (B2B), business to consumer (B2C) software solutions and online platforms in 2001. Prior to joining the Company, she was also with Citibank Berhad as a Legal Manager handling legal and compliance portfolio for PDO loans recovery in the Consumer Banking division.

Ms Janice Ng has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Janice Ng does not have any personal interest in any business arrangements involving the Company.

Ms Janice Ng does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ANGELINE LIM SUAN SEE
Aged 52, Malaysian, Female
Senior Manager - Group Human Resource, Training and Communications

Ms Angeline Lim joined the Company on 2 May 2000 as Manager, Communications. In 2002, she was promoted to Executive Manager. In 2005, she was promoted to Senior Manager to oversee Group Communications. She was subsequently promoted to her current position to oversee the Group's Human Resources, Training and Communications.

Ms Angeline Lim completed her Diploma in Public Relations, Advertising and Marketing from the London Chamber of Commerce in 1992. Subsequently in 2010, she completed her MBA from the University of Southern Queensland.

Ms Angeline Lim has a combined 33 years' working experience in the aviation, service and insurance industry. She has been with the Group for 18 years. Prior to joining the Group, she was attached to Malaysia Airlines, the Shangri La hotel, Hotel Istana, Palace of the Golden Horses and Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

Ms Angeline Lim has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Angeline Lim does not have any personal interest in any business arrangements involving the Company.

Ms Angeline Lim does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ZALYFFAH BINTI JIMAN
Aged 44, Malaysian, Female
Senior Manager - Group Audit & Risk

Ms Zalyffah has been with the Company since November 2001. She was the Internal Auditor for the Company and was re-designated to Senior Manager of Group Compliance & Custodian in 2015. She heads the Group Audit & Risk with effect from September 2017.

She holds a Bachelor's Degree in Accounting (Hons) from Universiti Utara Malaysia and is a member of the Malaysian Institute of Accountants and Institute of Internal Auditors Malaysia.

To date, she has accumulated 20 years of professional experience in audit with various public-listed companies involved in financial service, insurance and stock broking.

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

Ms Zalyffah does not have any personal interest in any business arrangements involving the Company.

Ms Zalyffah does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

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
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

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
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

RISK & SUSTAINABILITY 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
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

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
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

SECRETARY

Ms Lily Yin Kam May (MAICSA No. 0878038)

AUDITORS

Messrs PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF1146)
Chartered Accountants

PRINCIPAL PLACE OF BUSINESS

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

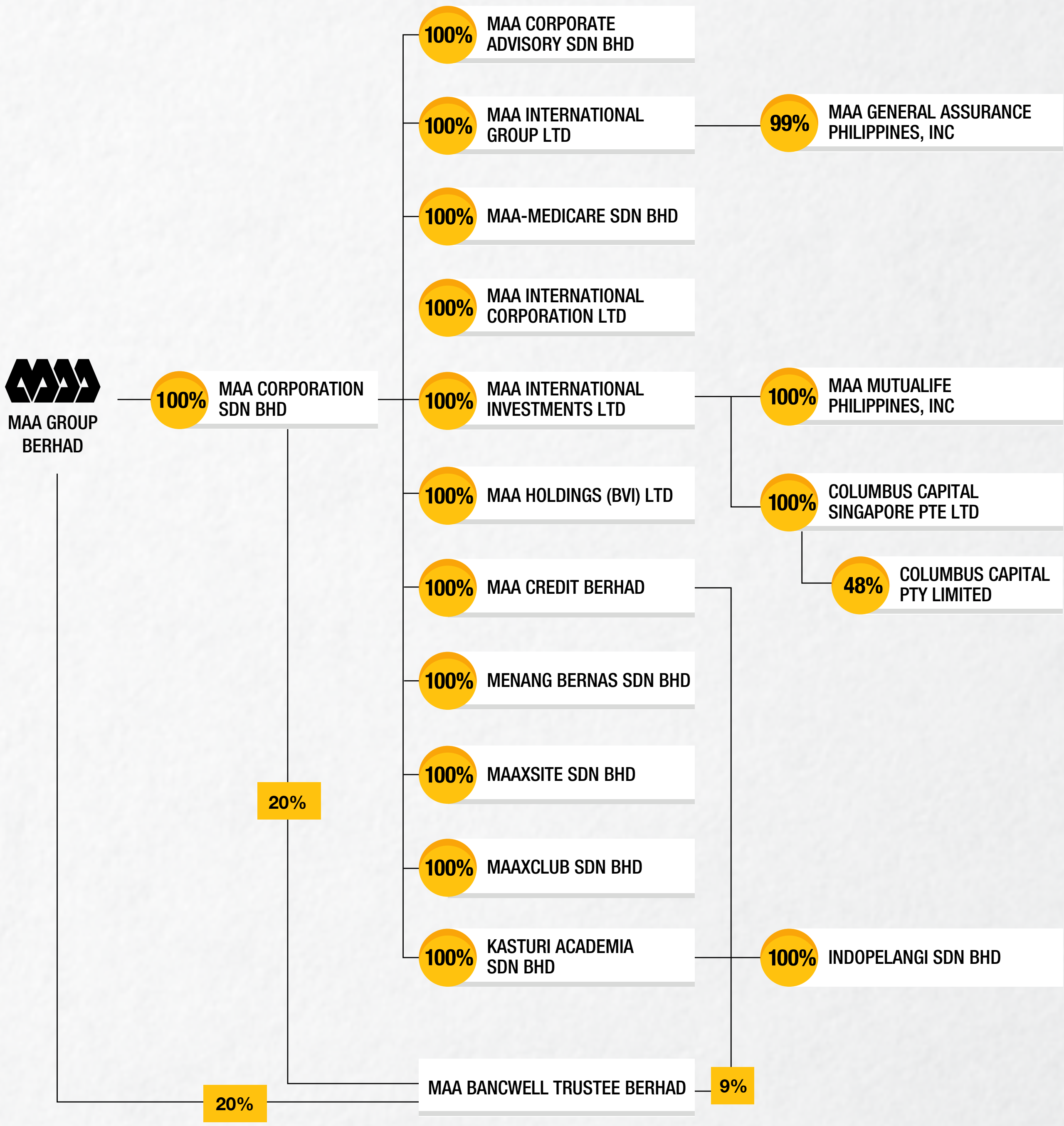
REGISTERED OFFICE

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

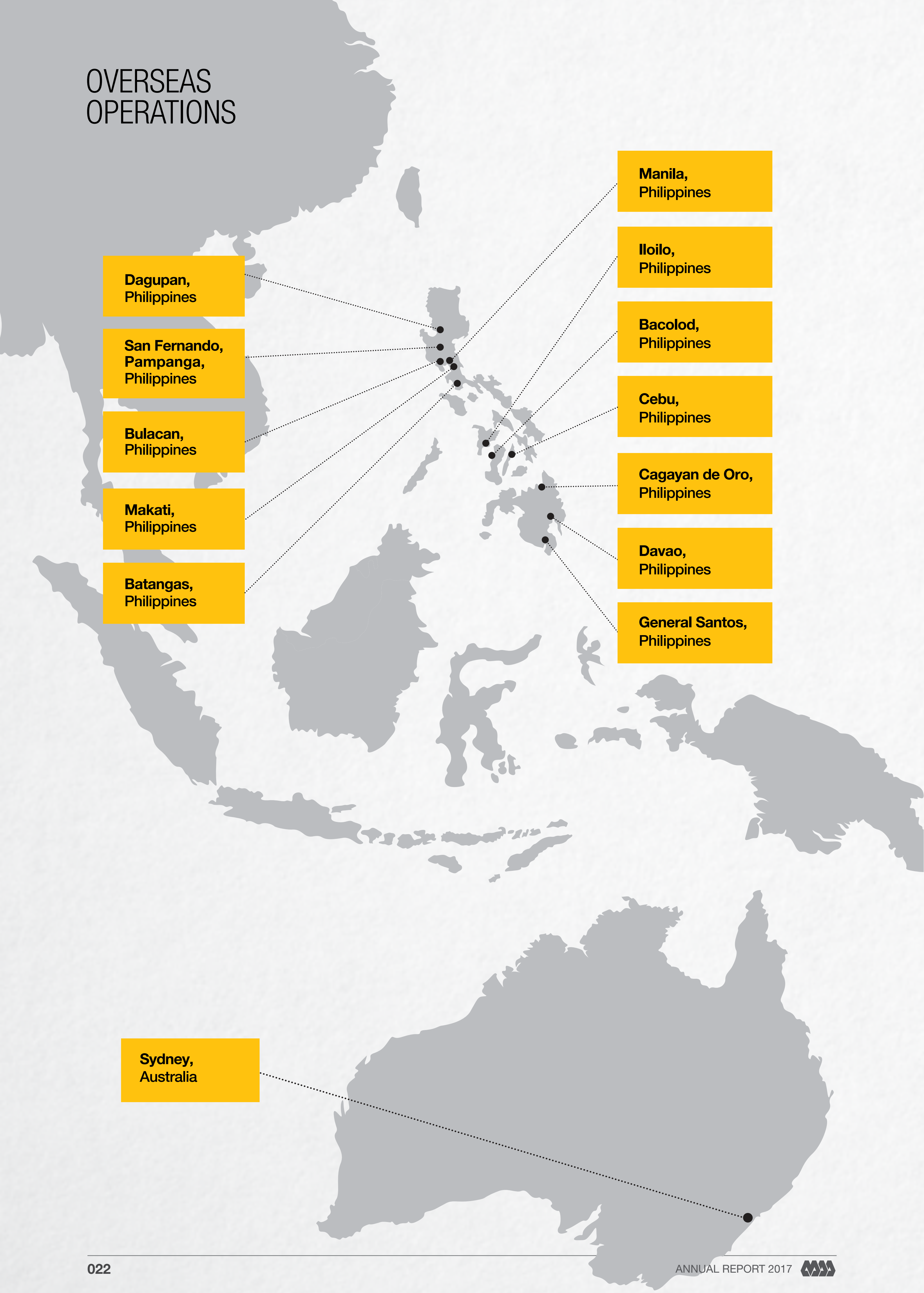
SHARE REGISTRAR

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

CORPORATE INFORMATION
(continued)



OVERSEAS OPERATIONS



MAA GROUP BERHAD

(471403-A)
Incorporated in Malaysia

NOTICE IS HEREBY GIVEN that the 20TH ANNUAL GENERAL MEETING of the Company will be held at the Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 5 June 2018 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 2017 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note A]***	
(2) To approve the following Directors' fees:	
(i) Director's fee of RM40,800.00 for Mr. Yeo Took Keat for the period from 1 January 2018 to 30 June 2018.	**1**
(ii) Director's fee of RM25,500.00 for Datin Seri Raihanah Begum Binti Abdul Rahman for the period from 22 February 2018 to 30 June 2018. ***[Please refer to Explanatory Note B]***	**2**
(3) To approve the payment of Directors' fees of RM408,000.00 for the period from 1 July 2018 to 30 June 2019 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary.	**3**
(4) To approve an amount of up to RM230,000.00 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 5 June 2018 until the conclusion of the next Annual General Meeting ("AGM") of the Company. ***[Please refer to Explanatory Note C]***	**4**
(5) 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	**5**
(ii) Mr Yeo Took Keat	**6**
(iii) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	**7**
(6) To re-elect the following Directors of the Company who are retiring pursuant to Article 120 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(i) Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan	**8**
(ii) Datin Seri Raihanah Begum Binti Abdul Rahman	**9**
(7) To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**10**

AS SPECIAL BUSINESS **Resolution**

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

(a) Proposed Renewal of Share Buy-Back Authority **11**

"THAT subject to compliance with Section 127 of the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("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 amount of shares 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 total number of issued shares of the Company and that an amount not exceeding the Company's total audited retained profits of RM164,987,806.00 as at 31 December 2017 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."

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **12**

"THAT the mandate granted by the shareholders of the Company on 25 May 2017 pursuant to Paragraph 10.09 of the Listing Requirements of 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 B of the Circular to Shareholders dated 30 April 2018 ("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.

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 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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."

		Resolution
(c)	**Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act**	**13**

"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 Sections 75 and 76 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 total number of issued shares 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."

(d)	**Proposed Adoption of new Constitution of the Company ("Proposed Adoption")**	**14**

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in the Circular to Shareholders dated 30 April 2018 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

BY ORDER OF THE BOARD

LILY YIN KAM MAY (MAICSA NO. 0878038)
Company Secretary

Kuala Lumpur
30 April 2018

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 more than one (1) proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*

3. *Where a member appoints more than one (1) proxy, 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 20th 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 30 May 2018. Only a depositor whose name appears on the Record of Depositors as at 30 May 2018 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 Ordinary Business:*

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Payment of Directors' Fees (Agenda 2)

The Company is seeking shareholders' approval for the payment of directors' fees to :

Resolution 1

(i) Mr. Yeo Took Keat who had resigned as the Chief Operating Officer of the Company with effect from 2 January 2018 but retained as the Non-Independent Non-Executive Director of the Company and MAA International Group Ltd ("MAAIG"), a wholly-owned subsidiary of MAAG in which he represents the interest of MAAG with effect from 2 January 2018 and therefore payment of director's fees shall cover the period from 1 January 2018 to 30 June 2018.

Resolution 2

(ii) Datin Seri Raihanah Begum Binti Abdul Rahman who was appointed as Independent Non-Executive Director of the Company with effect from 22 February 2018 and therefore payment of director's fees to her shall cover the period from 22 February 2018 to 30 June 2018.

(C) Benefits Payable to Non-Executive Directors (Resolution 4)

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Resolution 4 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 5 June 2018 until the conclusion of the next AGM to be held in 2019 of the Company.

The benefits comprises the meeting allowances, benefits in kind and other emoluments payable to the Non-Executive Directors of the Company and its subsidiary, namely MAAIG.

In determining the estimated total amount of remuneration (excluding directors' fees) for the Non-Executive Directors of the Company and its subsidiary, MAAIG, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiary throughout the relevant period.

(D) Retirement of Directors, whose term of office shall be expiring at the conclusion of this Twentieth (20th) AGM, as Independent Non-Executive Directors of the Company

Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, were appointed as Independent Non-Executive Directors of the Company on 1 July 2006 and 13 October 2006 respectively.

Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don have served the Company as Independent Non-Executive Directors for a cumulative period of over eleven (11) years. Both the Directors will not be seeking retention/re-election as Independent Non-Executive Directors of the Company in line with Practice 4.2. of the Malaysian Code on Corporate Governance 2017. Hence, they will retain office until the close of the 20th AGM.

The Board would like to thank Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don for their support, commitment and invaluable contribution to the Group.

The profiles of the above mentioned Directors are set out in the Directors' Profile on pages 009 and 010 of the Annual Report. The details of their shareholdings in the Company are set out in the Directors' Shareholdings which appears on page 200 of the Annual Report.

11. *Explanatory Notes to Special Business:*

(E) Proposed Renewal of Share Buy-Back Authority (Resolution 11)

The Proposed Resolution 11, 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.

(F) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 12)

The Proposed Resolution 12, 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.

(G) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Resolution 13)

The Ordinary Resolution proposed under Resolution 13 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 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 13, 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 total number of issued shares 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 19th AGM held on 25 May 2017 and which will lapse at the conclusion of the 20th AGM to be held on 5 June 2018.

(H) Proposed Adoption of new Constitution of the Company (Resolution 14)

The Proposed Resolution 14, if passed, shall streamline the Constitution of the Company to be aligned with the new Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Listing Requirements of Bursa Malaysia Securities Berhad, and prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout; details of which are as set out in the Circular to Shareholders dated 30 April 2018.

12. Poll Voting

All the Resolutions mentioned above will be put to vote by Poll.

The detailed information on Special Business of Agenda 8 except for Ordinary Resolution 13 as mentioned above is set out in the Circular to Shareholders of the Company dated 30 April 2018 which is despatched together with the Company's 2017 Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 5 and 6 of the Notice of the 20th AGM of the Company are set out in the Directors' Profile on pages 006, 008 and 011 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 200 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 G of the Notice of the 20th AGM of the Company.

PERUTUSAN PENGERUSI

Pemegang Saham Yang Dihargai,
Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Kumpulan bagi tahun berakhir 31 Disember 2017.

TUNKU DATO' YAACOB KHYRA
Pengerusi Eksekutif

PERSEKITARAN OPERASI

Ekonomi global berkembang sebanyak 3.2% pada suku ke-3 2017 (S3 2016: 2.7%), disokong terutamanya oleh penggunaan swasta dan pelaburan dalam ekonomi negara-negara maju, dengan permintaan domestik kukuh dalam ekonomi yang baru muncul dan negara-negara sedang membangun. Berlatarkan perkembangan ini, Malaysia mencatatkan pertumbuhan ekonomi lebih kukuh sebanyak 6.2% pada suku ke-3 2017 (S3 2016: 4.3%) disokong oleh permintaan domestik yang lebih tinggi, berlandaskan perbelanjaan sektor swasta yang mantap, dan pertumbuhan sektor pembuatan dan perkhidmatan.

Pada tahun yang dilaporkan, Kumpulan memberi tumpuan kepada usaha untuk meningkatkan pertumbuhan dan prestasi kewangan operasi perniagaannya, dan pada masa yang sama menyempurnakan beberapa cadangan korporat seperti yang disebutkan dalam bahagian seterusnya.

PERKEMBANGAN TERKINI CADANGAN KORPORAT

Kumpulan juga dengan sukacitanya membentangkan laporan berikut bagi cadangan korporat penting yang dilaksanakan dalam tempoh yang dilaporkan:

(a) Pada 19 April 2017, Syarikat menerusi anak syarikat milik penuhnya, MAA International Group Ltd ("MAAIG") menyempurnakan langganan 300,000 saham baru tambahan dengan nilai par PHP1,000 setiap satu dalam MAA General Assurance Philippines, Inc. ("MAAGAP") untuk pertimbangan berjumlah PHP300 juta (lebih kurang RM27.3 juta). Setelah langganan disempurnakan, kepentingan ekuiti MAAIG dalam MAAGAP meningkat daripada 40% kepada 70%, menjadikan MAAGAP sebuah anak syarikat Kumpulan.

Seterusnya, kepentingan ekuiti MAAIG dalam MAAGAP meningkat kepada 74% pada 31 Mei 2017 menerusi penjelasan pinjaman dan selanjutnya kepada 99% pada 11 Disember 2017 menerusi pembelian saham daripada pemegang saham lain bagi MAAGAP.

(b) Pada 3 Januari 2017, Lembaga Perkhidmatan Kewangan Labuan ("LFSA") memberikan kelulusan kepada MAAIG untuk menyerahkan lesen insurans komposit Labuan yang berkuat kuasa 31 Januari 2017. Selepas itu, MAAIG akan kekal sebagai sebuah syarikat pegangan pelaburan.

(c) Pada 11 April 2017, Syarikat memeterai perjanjian-perjanjian berikut bagi Pemerolehan Hartanah:

(i) Perjanjian jual beli tambahan dengan PIMA Pembangunan Sdn Bhd ("PIMA") untuk menyempurnakan pembelian 783 ruang letak kereta di pembangunan komersial yang dikenali sebagai Prima Klang Avenue ("Pembangunan") dengan harga belian RM3.5 juta;

(ii) Perjanjian jual beli dengan PIMA untuk membeli 38 bilik pejabat dan unit runcit di Blok B Pembangunan dengan harga belian RM23.0 juta;

(iii) Perjanjian jual beli dengan PIMA untuk membeli tanah, bersama platform yang dibina di atasnya, yang terdiri daripada Blok C Pembangunan dengan harga belian RM11.0 juta, dan

(iv) Perjanjian penyelesaian dengan PIMA yang mana pertimbangan pembelian Hartanah akan menjelaskan jumlah yang dihutang oleh PIMA kepada Syarikat di bawah perjanjian usaha sama yang dibuat pada 2013 dengan baki pertimbangan pembelian berjumlah RM6.0 juta perlu dibayar kepada PIMA selepas penyerahan pemilikan kosong Hartanah tersebut.

(d) Pada 30 Ogos 2017, Kumpulan telah melantik pembubar untuk memulakan pembubaran sukarela ahli menurut Seksyen 439(1)(b) Akta Syarikat 2016 bagi anak-anak syarikat milik penuh tidak aktif yang berikut:

(i) Keris Murni Sdn Bhd;
(ii) Jaguh Suria Sdn Bhd;
(iii) Genting Mutiara Sdn Bhd; dan
(iv) Pelangi Tegas Sdn Bhd.

Dengan melepaskan kawalan dan penglibatan Kumpulan dalam anak-anak syarikat ini kepada pembubar, syarikat-syarikat tersebut tidak lagi menjadi anak syarikat Kumpulan berkuat kuasa dari 30 Ogos 2017 dan dipisahkan daripada Kumpulan pada tarikh tersebut.

(e) Pada 22 November 2017, anak-anak syarikat tidak aktif milik penuh, MAA Corporate and Compliance Philippines, Inc. ("MAACC") mendapatkan kelulusan daripada *Securities and Exchange Commission of Philippines* bagi pembubaran syarikat menerusi Sijil Pembubaran pada tarikh yang sama. Dengan ini, MAACC tidak lagi menjadi anak syarikat Kumpulan berkuat kuasa 22 November 2017 dan dipisahkan daripada Kumpulan pada tarikh tersebut.

(f) Mengenai status PN17 Syarikat, pada 22 Disember 2017 Syarikat telah membuat permohonan bagi lanjutan masa tambahan untuk mengemukakan rancangan penyusunan semula kepada Bursa Malaysia Securities Berhad ("Bursa Securities") untuk kelulusan. Bursa Securities, menerusi surat bertarikh 12 Januari 2018, telah memberikan Syarikat lanjutan masa sehingga 30 Jun 2018 untuk mengemukakan rancangan penyusunan semula kepada pihak berkuasa kawal selia.

TINJAUAN KEPUTUSAN

Pada 2017, Kumpulan mencatatkan Untung Sebelum Cukai ("USC") sebanyak RM28.6 juta (2016: RM266.5 juta) terutamanya berasaskan:

(a) Pendapatan lain yang timbul daripada penyelesaian hutang dengan hutang belum terima lain berjumlah RM20.0 juta,

(b) Rizab berjumlah RM10.0 juta yang timbul daripada penggabungan perniagaan berhubung dengan MAAGAP,

(c) Keuntungan sebanyak RM12.1 juta yang disumbang oleh perniagaan Insurans Am yang dipegang menerusi MAAGAP (2016: sebahagian Untung Selepas Cukai ("PAT") RM2.2 juta sebagai syarikat bersekutu ketika itu),

(d) Pelarasan RM1.8 juta untuk mengurangkan caj nilai kini kepada baki pertimbangan pembelian berjumlah RM93.75 juta ("Pertimbangan Tertahan") yang perlu dibayar oleh pembeli, Zurich Insurance Company Ltd kepada Syarikat pada ulang tahun ketiga penyempurnaan jualan MAA Takaful Berhad ("MAA Takaful"), iaitu 30 Jun 2016, dan

(e) Sumbangan untung lebih tinggi daripada syarikat bersekutu Kumpulan, Columbus Capital Pty Limited ("CCA") dengan jumlah bahagian Untung Selepas Cukai RM6.1 juta (2016: RM1.5 juta).

USC yang lebih tinggi pada 2016 telah disumbangkan terutamanya oleh untung RM280.4 juta daripada pelupusan perniagaan takaful yang dipegang menerusi MAA Takaful, dan juga sumbangan untung lebih tinggi daripada syarikat bersekutu Kumpulan, iaitu MAAGAP dan CCA dengan jumlah bahagian PAT sebanyak RM3.7 juta.

Maklumat mengenai perniagaan, operasi dan prestasi kewangan Kumpulan pada tahun yang dilaporkan dibincangkan secara berasingan dalam Penyata Perbincangan dan Analisis Pengurusan dalam halaman yang dilampirkan.

DIVIDEN

Syarikat terus membayar dividen untuk memberi ganjaran kepada pemegang saham atas sokongan mereka. Pada tahun yang dilaporkan, Syarikat telah membayar dividen interim sebanyak 9.0 sen (2016: 41.0 sen) sesaham biasa di bawah sistem dividen satu peringkat. Dividen interim lebih tinggi yang dibayar pada 2016 termasuk dividen khas 35 sen sesaham biasa yang bergantung kepada syarat penyempurnaan pelupusan MAA Takaful.

TANGGUNGJAWAB SOSIAL KORPORAT

Seperti usaha pada tahun-tahun sebelumnya, Kumpulan menunaikan tanggungjawab sosial korporatnya menerusi *MAA Medicare Charitable Foundation* dan juga memberikan sokongan kepada *The Budimas Charitable Foundation*.

PROSPEK

Keluaran Dalam Negara Kasar ("KDNK") Global dijangka berkembang 3.7% pada 2018 (2017: 3.6%), dipacu oleh pertumbuhan mampan di negara-negara maju dan prestasi lebih baik di pasaran baru muncul dan negara-negara sedang membangun. Walaupun, unjuran pertumbuhan adalah lebih baik pada 2018, masih terdapat risiko kemerosotan daripada ketidakpastian dasar di ekonomi-ekonomi utama, termasuk pelaksanaan dasar perlindungan, ketidakpastian pasca Brexit, pertumbuhan kredit lampau dan hutang isi rumah yang tinggi. Tekanan geopolitik yang tinggi di Timur Tengah dan Asia Timur, harga minyak dan komoditi yang hambar dan juga perubahan iklim menimbulkan risiko tambahan kepada ekonomi global pada 2018.

Di dalam negara, ekonomi Malaysia dijangka meneruskan momentum pertumbuhan kukuh dengan KDNK berkembang antara 5.0% dan 5.5%. Pertumbuhan dijangka dipacu terutamanya oleh permintaan domestik yang kukuh, serta dasar fiskal dan dasar kewangan yang akomodatif. Namun begitu, sebagai sebuah ekonomi terbuka, Malaysia tidak terlepas daripada cabaran luar dan akan mengambil pendekatan berhati-hati menghadapi risiko luar.

Menjelang tahun 2018, Syarikat akan meneruskan usahanya untuk mengenal pasti perniagaan baharu yang bersesuaian dan berupaya menjana keuntungan mampan untuk diambil alih, dengan matlamat menyelesaikan dan menyempurnakan rancangan penyusunan semula PN17, tertakluk kepada kelulusan Bursa Securities dan pihak berkuasa kawal selia lain. Dalam pada itu, Kumpulan juga akan terus memberikan tumpuan untuk menetapkan strategi, mengembangkan dan meningkatkan prestasi kewangan bagi operasi perniagaan yang sedia ada, dalam persekitaran ekonomi yang mencabar di dalam dan luar negara.

HALA TUJU MASA DEPAN KUMPULAN

Pegangan pelaburan akan terus menjadi kegiatan perniagaan utama Kumpulan.

Dalam merangka hala tuju masa depan, Kumpulan akan terus melabur dalam syarikat-syarikat dengan matlamat untuk mengembangkan perniagaannya bagi memenuhi matlamat jangka panjang untuk menjana aliran tunai dan meraih pulangan atas modal pemegang saham yang lebih tinggi daripada purata secara konsisten, dan akhirnya merealisasikan nilai asas pelaburan tersebut apabila timbul peluang untuk memaksimumkan keuntungan.

PENGIKTIRAFAN DAN PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada pihak Pengurusan dan Kakitangan kerana komitmen, dedikasi dan sumbangan mereka kepada Kumpulan.

Saya juga ingin mengambil kesempatan ini untuk merakamkan penghargaan kami kepada rakan perniagaan, pelanggan dan pemegang saham yang dihargai atas sokongan, kepercayaan dan keyakinan berterusan yang diberikan kepada kami.

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

Tunku Dato' Yaacob Khyra
Pengerusi Eksekutif

CHAIRMAN'S MESSAGE

Dear Shareholders,
On behalf of the Board of Directors,
I am pleased to present the Annual Report of the Group for the year ended 31 December 2017.

TUNKU DATO' YAACOB KHYRA
Executive Chairman

OPERATING ENVIRONMENT

The global economy grew by 3.2% in Q3 2017 (Q3 2016: 2.7%), mainly supported by private consumption and investment in the advanced economies, with strong domestic demand in the emerging and developing economies. Riding on these, the Malaysian economy registered a stronger growth of 6.2% in Q3 2017 (Q3 2016: 4.3%) supported by higher domestic demand, underpinned by strong private sector spending, and growth in the manufacturing and services sectors.

In the year under review, the Group focused its efforts to grow and improve the financial performance of its operating businesses, and at the same time, had completed several corporate proposals as mentioned in the next section.

UPDATES ON CORPORATE PROPOSALS

The Group is pleased to provide the following report for significant corporate proposals carried out during the year:

(a) On 19 April 2017, the Company via its wholly owned subsidiary, MAA International Group Ltd ("MAAIG") completed the subscription of additional 300,000 new shares with par value of PHP1,000 each in MAA General Assurance Philippines, Inc. ("MAAGAP") for a total consideration of PHP300 million (approximately RM27.3 million). Upon the completion of the subscription, MAAIG's equity interest in MAAGAP increased from 40% to 70%, making MAAGAP a subsidiary of the Group.

Subsequently MAAIG's equity interest in MAAGAP increased to 74% on 31 May 2017 via settlement of loan and further to 99% on 11 December 2017 via share purchase from other shareholders of MAAGAP.

(b) On 3 January 2017, Labuan Financial Services Authority ("LFSA") granted approval to MAAIG to surrender the Labuan composite insurance license effective 31 January 2017. Thereafter MAAIG will remain as an investment holding company.

(c) On 11 April 2017, the Company entered into the following agreements for the Acquisition of Properties:

(i) Supplemental sale and purchase agreement with PIMA Pembangunaan Sdn Bhd ("PIMA") to complete the purchase of 783 car parking bays situated at a commercial development known as Prima Klang Avenue ("Development") for a purchase price of RM3.5 million;

(ii) Sale and purchase agreement with PIMA to purchase 38 office suits and retail units in Block B of the Development for a purchase price of RM23.0 million;

(iii) Sale and purchase agreement with PIMA to purchase the land, together with the platform built thereon, comprised in Block C of the Development for a purchase price of RM11.0 million, and

(iv) Settlement agreement with PIMA wherein the purchase considerations for the Properties will settle the amount owing by PIMA to the Company under the joint venture agreement entered into in 2013 with the balance purchase considerations totalling RM6.0 million payable to PIMA upon delivery of vacant possession of the Properties.

(d) On 30 August 2017, the Group appointed liquidators to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 for the following wholly owned inactive subsidiaries:

(i) Keris Murni Sdn Bhd;
(ii) Jaguh Suria Sdn Bhd;
(iii) Genting Mutiara Sdn Bhd; and
(iv) Pelangi Tegas Sdn Bhd.

With the relinquishment of the Group's control and involvement over these subsidiaries to the liquidators, these companies ceased to be subsidiaries of the Group with effect from 30 August 2017 and were deconsolidated from the Group on that date.

(e) On 22 November 2017, the Group's wholly owned dormant subsidiary, MAA Corporate and Compliance Philippines, Inc. ("MAACC") obtained approval from the Securities and Exchange Commission of Philippines for the dissolution of the company vide the Certificate of Dissolution dated on even date. With this, MAACC ceased to be subsidiary of the Group with effect from 22 November 2017 and was deconsolidated from the Group on that date.

(f) On the PN17 status of the Company, it has on 22 December 2017 made an application for further extension of time to submit a regularisation plan to Bursa Malaysia Securities Berhad ("Bursa Securities") for approval. Bursa Securities has vide its letter dated 12 January 2018 granted the Company an extension of time of up to 30 June 2018 to submit the regularisation plan to the regulatory authorities.

OVERVIEW OF RESULTS

In 2017, the Group recorded a Profit Before Taxation ("PBT") of RM28.6 million (2016: RM266.5 million) mainly attributed by:

(a) Other income arising from settlement with other receivable of RM20.0 million,

(b) Reserve arising from business combination of RM10.0 million related to MAAGAP,

(c) Profit contribution of RM12.1 million from the General Insurance business held via MAAGAP (2016: share of Profit After Taxation ("PAT") of RM2.2 million as an associated company then),

(d) An adjustment of RM1.8 million to reduce the present value charge to the balance disposal consideration of RM93.75 million ("Retained Consideration") payable by the purchaser, Zurich Insurance Company Ltd to the Company on the third anniversary of MAA Takaful Berhad's ("MAA Takaful") sale complete date, 30 June 2016, and

(e) Higher profit contribution from the Group's associated company, Columbus Capital Pty Limited ("CCA") with total share of PAT of RM6.1 million (2016: RM1.5 million).

The higher PBT in 2016 was contributed mainly by a gain of RM280.4 million from the disposal of the takaful business held via MAA Takaful, and also higher profit contributions from the Group's associated companies namely MAAGAP and CCA with total share of PAT of RM3.7 million.

Details of the Group's business, operations and financial performance during the year are discussed separately in the Management Discussion and Analysis Statement in the attached pages.

DIVIDENDS

The Company continued to pay dividends to remunerate the shareholders for their support. During the year, the Company has paid interim dividends with a total of 9.0 sen (2016: 41.0 sen) per ordinary share under the single-tier dividend system. The higher interim dividends paid in 2016 included a special dividend of 35 sen per ordinary share which was conditional upon the completion of the disposal of MAA Takaful.

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.

PROSPECTS FOR 2018

Global Gross Domestic Product ("GDP") is forecast to expand 3.7% in 2018 (2017: 3.6%), driven by sustained growth in the advanced economies and better performance in the emerging market and developing economies. Despite the better growth projection for 2018, there remain downside risks from policy uncertainties in the major economies, including protectionism, post-Brexit uncertainties, excessive credit growth and high household debt. The heighten geopolitical tensions in the Middle East and East Asia, tepid oil and commodity prices as well as climate change effects may pose additional downside risks to the global economy in 2018.

At the home front, the Malaysian economy is projected to continue its strong growth momentum with GDP expanding between 5.0% and 5.5%. Growth is expected to be driven mainly by resilient domestic demand, pro-growth fiscal and accommodative monetary policies. Nevertheless as an open economy, Malaysia is not immune to external headwinds and will be cautious of the external risks.

Moving into 2018, the Company will continue with its quest to identify new business with the right fit and sustainable profit generating capabilities for acquisition, to address and complete the PN17 regularisation plan, subject to approval of Bursa Securities and other regulators. At the same time, the Group will also continue its focus to strategise, grow and improve the financial performance of the existing operating businesses, in light of the challenging economic environment locally and overseas.

FUTURE DIRECTION OF THE GROUP

The Group will continue with investment holding as its main business activity.

In charting its future direction, the Group will continue to invest in businesses with a goal of nurturing these businesses to meet the long-term economic objectives of generating cash and consistently earning above-average returns on capital for shareholders, and eventually realize the intrinsic value of these investments when opportunities arise with maximise gain.

ACKNOWLEDGEMENT AND APPRECIATION

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

I would also like to take this opportunity to extend our appreciation to our valued business associates, valued customers and the shareholders for the continued 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

OVERVIEW OF THE GROUP'S BUSINESS OPERATIONS

MAA Group Berhad ("MAAG/the Company") is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") with market capitalisation and total assets under management of RM210.6 million and RM778.6 million respectively as at end December 2017.

MAAG has remained an investment holding company. The Group's significant business segments are general insurance via subsidiary MAA General Assurance Philippines, Inc. ("MAAGAP") in the Philippines, education services via subsidiary Kasturi Academia Sdn Bhd ("Kasturi") and retail mortgage lending via associated company Columbus Capital Pty Limited ("CCA") in Australia. The other non-core business activities of the Group comprise of property management, consultancy services, money lending, hire purchase and other credit activities.

GROUP'S STRATEGIC DIRECTION

- In 2017, MAAG has completed the following internal corporate restructuring:

  - Acquisition of additional strategic stakes in MAAGAP turning it to a 99% owned subsidiary from previously held 40% associated company

  - Appointed liquidators to commence members' voluntary winding up of inactive subsidiaries, namely Keris Murni Sdn Bhd, Jaguh Suria Sdn Bhd, Genting Mutiara Sdn Bhd and Pelangi Tegas Sdn Bhd. Accordingly these companies ceased to be subsidiaries of the Group with the relinquishment of control to the liquidators with effect from 30 August 2017

  - Dissolution of an inactive subsidiary, MAA Corporate & Compliance Philippines Inc. as approved by the Securities and Exchange Commission of Philippines. Accordingly the company has also ceased to be a subsidiary of the Group with effect from 22 November 2017

- The Group's plans moving forward are twofold for its existing general insurance and retail mortgage lending businesses, i.e. continuing its focus to accelerate the growth of these businesses to improve further profit contribution to the Group, which will partly address the PN17 status of the Company.

  On the other existing education services, after a rigorous cost-cutting exercise undertaken during 2017 that included among others closure of non-profitable tuition centres, consolidation of identified tuition centres to resolve capacity issues and duplication of infrastructure and conversion of tutors' contracts to be in line with productivity etc, the Group will continue its efforts to contain costs, recruit and retain quality tutors and intensify marketing efforts to increase student count and tuition fee income.

- On the PN17 status of the Company, the exercise to explore and identify the right fit of new business and investments to acquire has taken longer time than anticipated. In this regards, MAAG has assessed and evaluated companies engaged in various industries like manufacturing, retail and trading, oil and gas, green energy, hospitality, education, assisted reproductive technologies etc. Nevertheless in discharging its responsibility under the Bursa Securities Listing Requirements, MAAG will continue its efforts to identify new business and investments with reasonable pricing and long term sustainable profits to address the PN17 status of the Company. Further announcement on the development will be made in due course.

  On this note, Bursa Securities has granted an extension of time of up to 30 June 2018 for the Company to submit a regularisation plan to address the PN17 status of the Company.

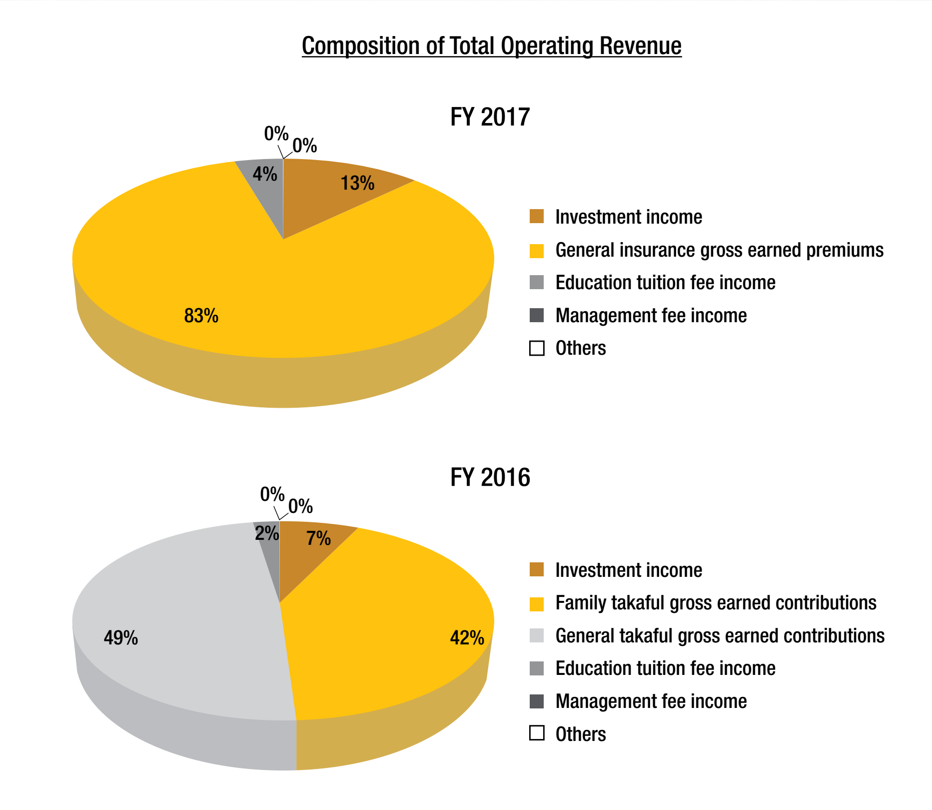
REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND CONDITION

(Amount in RM'000)	GROUP	
	FY2017	FY2016
Total Operating Revenue	119,024	297,438
Profit Before Taxation	28,628	266,537
Total Assets	778,595	558,779
Earnings Per Share (sen)	9.2	92.3
Dividend Rate (sen)	9.0	41.0
Net Assets Per Share (RM)	2.0	2.0

The following analysis of financial performance should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. In the ensuing sections the Discontinued Operations represent subsidiaries disposed during the previous financial year ended 31 December 2016, namely MAA Takaful Berhad ("MAA Takaful") and MAA Cards Sdn Bhd ("MAA Cards").

Review of Statements of Profit or Loss of the Group

In 2017, the Group recorded a Total Operating Revenue of RM119.0 million solely from the Continuing Operations (2016: RM297.4 million). In 2016, the Continuing Operations recorded Total Operating Revenue of RM18.1 million while the Discontinued Operations recorded Total Operating Revenue of RM279.4 million mainly from the disposed takaful business held via MAA Takaful.



During the financial year under review, the Group recorded a Profit Before Taxation ("PBT") of RM28.6 million solely from the Continuing Operations (2016: PBT of RM266.5 million). In 2016, the Continuing Operations recorded a Loss Before Taxation ("LBT") of RM20.3 million while the Discontinued Operations recorded a PBT of RM286.9 million comprised mainly of the gain of RM280.4 million from the disposal of MAA Takaful and another gain of RM1.0 million from the disposal of MAA Cards.

The PBT recorded by the Continuing Operations in 2017 was contributed mainly by other income arising from settlement with other receivable of RM20.0 million, reserve arising from business combination of RM10.0 million related to MAAGAP, an adjustment of RM1.8 million to reduce the present value charge on the balance consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful receivable on the third anniversary of the sale completion date, and profit contribution of RM12.1 million (2016: RM2.2 million being share of profit from an associated company then) and RM6.1 million (2016: RM1.5 million) respectively from the general insurance and retail mortgage lending businesses. It be noted that the Group has recorded a 4.1% increase in management expenses totalling RM40.8 million (2016: RM37.2 million) from the Continuing Operations during the financial year under review. The higher management expenses included those of MAAGAP totalling RM11.7 million that became a subsidiary in April 2017 from previously an associated company.

The LBT recorded by Continuing Operations in 2016 was due mainly to disposal costs of MAA Takaful totalling RM2.5 million, a present value charge of RM5.8 million made on the Retained Consideration, an allowance of RM1.7 million for impairment loss on other receivables based on the force sale value of securities held and management expenses of RM37.2 million, partially offset by higher profit contributions from the Group's associated companies with total share of profit after taxation ("PAT") of RM3.7 million and also investment income of RM11.2 million.

Staff costs (including Executive Directors) of the Continuing Operations increased by 30.2% to RM20.7 million in 2017 (2016: RM15.9 million that excluded a non-recurring bonus associated with the successful completion of the disposal of MAA Takaful and staff retrenchment payment arising from corporate restructuring). The higher staff costs in 2017 were attributed by the staff costs of MAAGAP totalling RM5.1 million with 188 headcount as at end December 2017.

In 2017, the Group recorded Other Comprehensive Loss (net of taxation) of RM9.1 million (2016: Other Comprehensive Income of RM13.8 million), due mainly to subsequent reclassification of realised foreign currency translation gain of RM10.2 million to profit or loss during the year, offset partly by net fair value gain of RM7.3 million from available-for-sale financial assets. The Other Comprehensive Income in 2016 was attributed by unrealised foreign currency translation gain of RM10.3 million from subsidiaries with functional currency denominated in foreign currency and also net fair value gain of RM6.0 million from available-for-sale financial assets. The Group finances its foreign investments and operations by means of composition of Ringgit Malaysia and foreign denominated currencies; the Group does not hedge its foreign currency risk and monitors its exposure to transactional foreign currency fluctuation risk on an on-going basis.

The Group's significant reportable operating business segments are investment holdings, education services, general insurance and retail mortgage lending. The performance of each significant operating business segments are attached in pages 041 to 047 of the Management Discussion and Analysis.

In 2017, the Group has recorded Earnings Per Share ("EPS") of 9.2 sen (2016: 92.3 sen) solely from the Continuing Operations. The higher EPS in 2016 was contributed by gain from the disposal of MAA Takaful and MAA Cards totalling RM281.4 million under the Discontinued Operations. Excluding the Discontinued Operations, the Continuing Operations recorded Loss Per Share of 7.2 sen in 2016.

Review of Statements of Financial Position of the Group

Shown below the Statements of Financial Position:

	GROUP			
	FY2017		FY2016	
	RM'000	%	RM'000	%
Property, Plant and Equipment	4,612	0.6	3,686	0.7
Investment Properties	49,982	6.4	19,824	3.5
Intangible Assets	590	0.1	494	0.1
Associates	52,460	6.7	66,339	11.9
Deferred Tax Assets	667	0.1	-	-
Tax Recoverable	172	-	252	-
Financial Assets	230,058	29.5	38,865	7.0
Reinsurance Assets	34,943	4.5	-	-
Insurance Receivables	44,322	5.7	-	-
Deferred Acquisition Costs	16,475	2.1	-	-
Trade and Other Receivables	97,599	12.6	138,864	24.8
Liquid Assets - fixed and call deposits and cash at banks	246,715	31.7	290,455	52.0
Total Assets	778,595	100.0	558,779	100.0
Total Liabilities	215,969	100.0	12,301	100.0
Net Assets	562,626		546,478	

Total Assets

The Group's Total Assets stood at RM778.6 million as at 31 December 2017 (2016: RM558.8 million). The increase of 39.3% in 2017 Total Assets over previous year was mainly contributed by the inclusion of MAAGAP's total assets totalling RM292.5 million after it has become a subsidiary in April 2017 from previously an associated company.

Below commentary on significant assets:

i) Investment Properties

The carrying value of Investment Properties increased by approximately 2.5 times to RM50.0 million as at 31 December 2017 (2016: RM19.8 million), attributed by additional properties, namely 783 car parking bays, 38 office suits and retail units and a piece of undeveloped land with built platform situated at a commercial development known as Prima Klang Avenue ("the Development") acquired via settlement of debts with other receivable of the Company, PIMA Pembangunaan Sdn Bhd ("PIMA"). The Investment Properties are stated at fair value, determined based on valuation performed by external independent professional valuers. The Company has recorded other income of RM20.0 million from the settlement by PIMA.

ii) Associates

The carrying value of Associates decreased by 20.8% to RM52.5 million as at 31 December 2017 (2016: RM66.3 million) subsequent to MAAGAP became a subsidiary from previously an associated company. During the financial year under review, share of PAT from associated companies increased twofold from RM3.7 million in 2016 to RM7.6 million. MAAGAP contributed a PAT of RM1.5 million (2016: 2.2 million) before it became a subsidiary in April 2017, whilst CCA contributed a fourfold increase in PAT from RM1.5 million in 2016 to RM6.2 million.

iii) Financial Assets

The Group's Financial Assets comprise financial investments at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS"). As at 31 December 2017, the carrying value of Financial Assets increased to RM230.1 million from RM38.9 million in previous year, attributed by the inclusion of the Financial Assets of MAAGAP totalling RM159.7 million. FVTPL and AFS financial investments accounted for 8.4% (2016: 5.4%) and 91.6% (2016: 94.6%) respectively of the Group's financial investments.

As at 31 December 2017, the total AFS reserve stood at RM10.0 million (2016: RM3.3 million).

iv) Other Receivables

The Group's Other Receivables included the Retained Consideration of RM93.75 million from the disposal of MAA Takaful receivable on the third anniversary of the sale completion date falling on 30 June 2019. After accounted for time value of money with present value charge, the Retained Consideration stood at RM89.8 million as at 31 December 2017 (2016: RM88.0 million).

Under the sale and purchase agreement, the Retained Consideration would be used to settle the purchaser, Zurich Insurance Company Ltd's ("Zurich") claims for breach of representations and warranties and also third party claims against MAA Takaful during the warranty period. As at 31 December 2017, the Group has not been notified of any claim.

v) Liquid Assets - Fixed and call deposits and cash at banks

The Group's Liquid Assets that made up to 31.7% of Total Assets stood at RM246.7 million as at 31 December 2017 (2016: RM290.5 million), of which MAAGAP has Liquid Assets totalling RM29.0 million (2016: Nil since MAAGAP was not a subsidiary then) while the Company and other subsidiaries have Liquid Assets totalling RM217.7 million.

The reduction in Liquid Assets of the Company and other subsidiaries in addition to utilisation for the normal working capital was due mainly to:

- Payment of interim dividends totalling RM24.6 million to the shareholders during 2017
- Short term investment in equities quoted in Malaysia and Asia Pacific region totalling RM17.3 million managed by professional investment manager with the objective to earning investment return higher than the prevailing fixed deposit rates offered by banks in Malaysia, while the Group is still sourcing for new investment opportunities to acquire to address the PN17 status of the Company
- Additional investment of RM9.6 million to subscribe for additional shares in Altech Chemicals Limited ("Altech") listed on the stock exchange of Australia. The shares subscription provides the Company opportunity to participate in the future growth of Altech as well as to enjoy the potential capital appreciation in the value of its investment in Altech upon operation of its high purity alumina plant. As at 31 December 2017, the AFS reserve on the investment in Altech stood at RM9.3 million
- Payment of RM6.0 million to PIMA for the purchase of the Development pursuant to the purchase and settlement arrangement with PIMA

vi) Insurance Receivables, Reinsurance Assets and Deferred Acquisition Costs

As at 31 December 2017, Insurance Receivables, Reinsurance Assets and Deferred Acquisition Costs stood at RM44.3 million, RM34.9 million and RM16.5 million respectively. These assets are solely from MAAGAP.

Insurance Receivables consist of amounts due from brokers, agents and ceding companies, funds held by ceding companies and reinsurance recoverable on paid losses, net of allowance for impairment loss. It be noted that allowance for impairment loss over insurance receivables has improved from 4.7% in 2016 to 3.8% in 2017 though the gross premiums of general insurance business underwritten by MAAGAP was higher by 11.8% during the financial year under review.

Reinsurance Assets consist of reinsurance recoverable on unpaid losses and deferred reinsurance premiums are recognised in manner consistent with the reinsurance business arrangements.

Deferred Acquisition Costs consist of commissions and other acquisition costs incurred during the financial year that vary with and are related to securing new general insurance contracts and renewing of existing general insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable from future revenue margins. These costs are amortised on a straight-line basis using the 24th method from the policy inception date to the date of termination.

The higher Reinsurance Assets and Deferred Acquisition Costs as at 31 December 2017 correspond to the increase volume of general insurance business underwritten by MAAGAP in 2017.

Total Liabilities and Equity

Total Liabilities and Equity of the Group stood at RM215.9 million (2016: RM12.3 million) and RM562.7 million (2016: RM546.5 million) respectively as at 31 December 2017.

The higher Total Liabilities in 2017 was attributed mainly by the Total Liabilities of MAAGAP totalling RM203.6 million as at 31 December 2017. Excluding MAAGAP, Total Liabilities of the Company and other subsidiaries amounted to RM12.3 million (2016: RM12.3 million).

On another note, the Equity/Shareholders' funds of the Group increased to RM559.4 million (2016: RM546.5 million) as at 31 December 2017, contributed by the profit recorded for the financial year coupled with realised foreign currency translation gain of RM10.2 million transferred from Other Comprehensive Income and gain of RM13.7 million arose from transactions with the other shareholders of MAAGAP for the subsequent additional 29% shares held therein, partially offset by total dividend payout of RM24.6 million.

As at 31 December 2017, Net Assets per Share stood at RM2.0 (2016: RM2.0).

GROUP'S FINANCING, LIQUIDITY AND CAPITAL MANAGEMENT

As at 31 December 2017, the Group is in a healthy financial position with strong liquidity level.

The Group's capital management objectives are aimed to ensure there is adequate funding for meeting the following at the business segment level:

- business operations and growth
- supervisory authorities' capital requirements for insurance companies in the Philippines
- preservation of capital for new investment opportunities and rewarding the shareholders.

During the financial year under review, the Group has undertaken the following key capital initiatives in MAAGAP:

- MAAGAP became a 70% subsidiary of the Group on 19 April 2017 from a 40% associated company subsequent to the approval obtained from the regulatory authority in the Philippines for the subscription of additional 300,000 new shares with par value of PHP1,000 each in MAAGAP for a total cash consideration of PHP300 million (approximately RM27.3 million).

- Subsequently the Group's interest in MAAGAP increased further to 99% as at end December 2017 via issue of new shares for debt settlement and shares purchase from other shareholders of the company.

- As at 31 December 2017, MAAGAP's net worth and risk based capital adequacy ratio were well above the minimum requirements set by the Philippines supervisory authority for insurance companies.

On capital expenditure, the property, plant and equipment held by the Group's Continuing Operations stood at RM4.6 million (2016: RM3.7 million) as at 31 December 2017. In 2018, the Group does not expect to incur significant capital expenditure in its existing business segments, except the technological investments, new and enhanced digital capabilities in MAAGAP with estimated budget cost of RM1.8 million.

DIVIDEND POLICY

The Board would in its best efforts maintain the past annual dividend rate per share between 6 sen to 9 sen ("Annual Dividend") to remunerate shareholders for their support, subject always to the availability of cash after the funding requirements for business operations sustainability and growth, reserve for new investments and if any Share Buy Back exercise have been met.

During the financial year under review, the Company has paid interim dividends total 9.0 sen (2016: 41.0 sen) per ordinary share under the single-tier dividend system. The higher interim dividend paid in 2016 included a special dividend of 35.0 sen per ordinary share which was conditional upon the completion of the disposal of MAA Takaful.

Notwithstanding this, the Board will continue to re-evaluate the dividend policy of the Company and make the necessary changes as and when needed.

Towards this end, the Board has declared the payment of a first interim dividend of 3.0 sen per share under the single-tier dividend system in respect of the financial year ending 31 December 2018 payable on 25 April 2018.

ANTICIPATED OR KNOWN RISKS

The Group's activities are exposed to variety of risks, including the risk of fraud, strategic and business risks. The Group's overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimizing potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

The risks that most significantly affect the Group as a whole during 2017, the discussion of its impact to the Group's business and performance together with the Group's strategies to mitigate the identified risks forms as part of the Statement of Risk Management and Internal Control of this Annual Report on page 055 to 058.

OUTLOOK FOR 2018

Moving into 2018, the Group will continue its current efforts to explore new investment opportunities to prepare the PN17 regularisation plan for submission to Bursa Securities for approval. In this regards, the Group will look at new businesses that fit the corporate objectives, risk appetites and are within the available financial capacity to acquire. Further announcement of the development in this area will be made by the Group in due course.

On the general insurance business in the Philippines held via MAAGAP and the retail mortgage lending and loan securitisation business in Australia held via CCA, the Group will continue its efforts to bring these business to next level of quality growth while sustaining the profitability. For the Education Services business, 2018 will remain a challenging year with initiatives and turnaround plans to reduce loss.

PERFORMANCE BY OPERATING BUSINESS SEGMENTS

BUSINESS SEGMENT – INVESTMENT HOLDINGS

1) Business Operations Review

Investment Holdings comprised of the Company and its subsidiaries, namely MAA Corporation Sdn Bhd, MAA International Group Ltd ("MAAIG"), MAA International Investments Ltd, MAA International Corporation Ltd and Columbus Capital Singapore Pte Ltd whose principal activities are investments mainly in shares of subsidiaries and associated companies and investment properties held overseas primarily for capital appreciation and held in Malaysia from debt settlement arrangement.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2017	FY2016
Total Operating Revenue	10,900	11,366
Profit Before Taxation	11,811	259,451
Total Assets	479,124	551,871
Total Liabilities	11,242	10,703

Total Operating Revenue comprised mainly of interest income was lower by 4.4% to RM10.9 million (2016: RM11.4 million) in 2017, mainly due to deployment of funds as mentioned in part (v) Liquid Assets under earlier Total Assets section. During the financial year under review, fixed and call deposits with licensed banks earned a lower weighted average effective interest rate at 3.8% (2016: 4.5%) per annum. In 2016, the Company placed its available funds in longer deposit tenure of six-month to benefit from the then fixed deposit campaign launched by banks with higher interest rates.

In 2017, the Investment Holdings segment recorded a PBT of RM11.8 million solely from the Continuing Operations (2016: LBT of RM21.9 million), mainly contributed by:

- Other income of RM20.0 million arising from settlement with other receivable
- Reserve arising from business combination of RM10.0 million related to MAAGAP
- Adjustment of RM1.8 million to reduce the present value charge to the Retained Consideration

In 2016, the Investment Holdings segment recorded a PBT of RM259.5 million contributed by gain of RM280.4 million and RM1.0 million respectively from the disposal of MAA Takaful and prepaid card business held via MAA Cards, coupled with a fair value gain of RM2.0 million on overseas investment properties. The management expenses of Investment Holdings segment totalling RM22.7 million in 2017 were 17.5% lower than 2016 of RM27.5 million.

As at 31 December 2017, Total Assets stood at RM479.1 million (2016: RM551.9 million) where 44.8% comprised of low risk liquid assets in fixed and call deposits, cash and bank balances. Investment in low risk liquid assets minimise exposure to mark-to-market risk and ensure capital is preserved for business operations and growth and new investment opportunities.

Notwithstanding this, to earn higher return than fixed deposit rates the Group via professional investment manager has made short term investment in equities quoted in Malaysia and Asia Pacific region since October 2017. As at end December 2017, these short term investment made a loss of RM778,000 due mainly to realised and unrealised foreign exchange loss totalling RM693,000 caused by the unexpected rebound of Ringgit Malaysia against other foreign currencies since November 2017, coupled with investment fees and expenses of RM189,000.

Total Liabilities of the Investment Holdings segment stood at RM11.2 million as at 31 December 2017 (2016: RM10.7 million).

3) Sustainability and Strategic Direction

The Investment Holdings segment continues its efforts to search for new investment opportunities that fit the corporate objectives, risk appetites and reasonable pricing that is within the available financial capacity of the Company. All these measures are undertaken with the objectives to meet the Board's intention to maintain the listing status of the Company in light of its current PN17 status under the Listing Requirements of Bursa Securities.

BUSINESS SEGMENT – EDUCATION SERVICES

1) Business Operations Review

Education Services held via subsidiary Kasturi that came into the Group following a debt settlement arrangement between subsidiary MAA Credit Berhad engaged in money lending, hire purchase and other credit activities and its non-performing loan debtor back in October 2012.

Kasturi provides private tuition to students taking the Malaysian National curriculum through its centres in the Klang Valley with an average pool of 65 full time and part time tutors.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2017	FY2016
Total Operating Revenue	5,005	6,536
Loss Before Taxation	(420)	(55)
Total Assets	759	1,564
Total Liabilities	214	633

Total Operating Revenue consists of tuition fee income recorded a 23.1% decrease to RM5.0 million (2016: RM6.5 million) in 2017, caused mainly by reduction in the number of students enrolment.

Education Services segment recorded a higher LBT of RM420,000 in 2017 (2016: LBT of RM55,000). The loss was the result of operation reorganisation initiatives undertaken during the financial year namely:

- Closure of three (3) tuition centres due to their loss incurring status and poor business prospects. Apart from cutting loss and reducing costs, this exercise also allowed for greater focus of management time on other centres with potential to grow further. The closure exercise has incurred a total one-off costs of RM79,000 for centre restoration work, write-off of renovation and other fixtures and forfeiture of rental and utilities deposits.

- Consolidation of two (2) Kuala Lumpur centres and operations into a single new centre to resolve capacity issues and avoid duplication of infrastructure especially the quality of teaching resources. The consolidation exercise has incurred a total one-off costs of RM233,000 for centres restoration work, write-off of renovation and other fixtures and forfeiture of rental and utilities deposits.

- Commenced shareholders' voluntary winding up for four (4) inactive subsidiaries, i.e. Keris Murni Sdn Bhd, Pelangi Tegas Sdn Bhd, Jaguh Suria Sdn Bhd and Genting Mutiara Sdn Bhd with the appointment of liquidators for a total liquidation fees of RM79,000.

Total Assets base are not significant for the Education Services segment in view that it is a relatively capital light business. The lower Total Assets at end December 2017 of RM759,000 compared to RM1.6 million at end December 2016 was due mainly to written off of renovation and fixtures arose from centres closure and consolidation, coupled with deconsolidation of the inactive subsidiaries under shareholders' voluntary winding up.

Total Liabilities as at 31 December 2017 of RM214,000 were also lower than 2016 of RM633,000, due mainly to write back of tutors and staff bonus provision for 2016 of RM158,000 and nil bonus provision for 2017 given the loss position.

3) Sustainability and Strategic Direction

Private tuition is a highly competitive business given the wide and numerous players in a crowded market particularly the many non-registered individuals with low operating costs.

The immense market competition has taken a toll on the Education Services segment over the last few years. Moving forward the operating environment for the Education Services segment will continue to remain highly competitive and challenging given changes in the Malaysian education landscape with the sprouting of home schools and private schools offering alternative curriculum.

In the 4th quarter of 2017, the Group has taken the following steps to achieve a turnaround for the Education Services segment in 2018:

- Reorganisation of teaching faculty to improve teacher/student ratio with the recruitment of experienced and proven crowd pulling qualities tutors while letting go those tutors with unsatisfactory student number
- Qualitative improvements to timetable scheduling and marketing plans
- Restructuring of tutors' fee rates and terms of contract to more cost effective engagement to improve profit margin
- Organised teaser seminar programs to encourage students enrolment
- Continue with costs control measures

BUSINESS SEGMENT – RETAIL MORTGAGE LENDING

1) Business Operations Review

The Group's retail mortgage lending business is conducted through CCA (a 48.0% associated company incorporated and operating in Australia) that commenced operations in 2006.

Over the years CCA grew from various mortgage portfolio acquisitions and origination of new mortgage portfolios with funding from domestic and offshore banks and its securitisation program via the capital markets in Australia.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2017	FY2016
Total Operating Revenue	360,386	258,133
Profit Before Taxation	18,619	5,639
Group's share of Profit After Taxation	6,150	1,519

CCA's Total Operating Revenue consists of loan interest and fee income. In 2017, the Total Operating Revenue grew to RM360.4 million, a 39.6% increase over 2016 of RM258.1 million contributed by competitive pricing, growth on the loan portfolio and diversification of fee base income. CCA has grown its loan portfolio by 44.4% to AUD2.6 billion as at end December 2017 compared to AUD1.8 billion as at end December 2016.

CCA's PBT grew 3.3 times from RM5.6 million in 2016 to RM18.6 million in 2017, driven mainly by the growth in Total Operating Revenue and an income of RM11.0 million from the gain on termination of arrangement with a mortgage manager being the difference between the settlement price and the fair value of trail commission saved. CCA's net interest margin has remained constant at 1.04% in both 2017 and 2016 given that the Reserve Bank of Australia ("RBA") has maintained the cash rate at 1.5% since 3 August 2016 till December 2017 a policy decision to maintain the favourable economic conditions in Australia.

CCA's operating costs as a percentage of operating revenue was higher at 8.4% in 2017 compared to 8.3% in 2016, attributed by higher staff costs with increase in headcount to deal with higher business volume, credit assessment and the retail sales focus, coupled with higher consultancy fees expense related to the various mortgage acquisition transactions carried out during the 2017.

Liquidity management is imperative to CCA's business operations. Under credit management, CCA's loan receivables arrears for +31 days are tracking at 0.76% of the total portfolio, a decrease from 0.96% in previous year and well below the industry trend of 1.14% per Standard & Poor's Performance Index. CCA continuous active loan receivable collections and arrears management under the company's risk management framework has further improved the liquidity position of the company with year-end cash and bank balances increased more than two-fold to AUD121.7 million as at end December 2017 compared to AUD51.2 million the previous year.

On both warehouse and term markets to provide funding for its mortgage program and meeting debt obligations, CCA has in place funders from domestic banks and subordination providers cum issuance of Residential Mortgage Backed Security ("RMBS") bonds via public and private placements. Securitisation is an integral part of CCA funding strategy to fund business growth and provide stable net interest margin. As at end December 2017, CCA's total warehouse capacity exceeds AUD2.0 billion and it has issued eight (8) bond series with over AUD1.6 billion term funding.

Being an associated company, the Group applies equity accounting for its investment in CCA. For the financial year under review, CCA has contributed a higher share of PAT total RM6.1 million (2016: RM1.5 million) to the Group.

3) Sustainability and Strategic Direction

Moving into 2018, the funding costs has remained steady for CCA with the RBA maintaining its official cash rate at the historical low of 1.5% at the conclusion of its monetary policy meeting held in February 2018, however this benefit is being countered by strong competition expected from banks in Australia seeking growth in home loan market, with lending rates priced to attract new home loans.

Notwithstanding this, CCA will continue to focus on the growth of mortgage lending through its core residential and non-resident products and look for opportunities for strategic mortgage asset acquisition that meet business synergies to boost the funds under management and to achieve greater economy of scale. Concurrently CCA will continue with risk base pricing efforts for competitive offering in the market. Lastly the company will target increasing retail business to remove reliance on wholesale arm, and launch small scale consumer finance products for diversification of income stream beyond its core mortgage provider business.

BUSINESS SEGMENT – GENERAL INSURANCE

1) **Business Operations Review**

The Group's General Insurance business in the Philippines held via subsidiary, MAAGAP (formerly an associated company until April 2017) offers a wide range of products to both retail and corporate clients. The product offerings cover fire, motor, marine, personal accident, bond, engineering and general accident. MAAGAP distributes its products mainly via agency network, brokers and banks. MAAGAP has been steadily growing its business over the past few years and ranked a credible 12th in terms of gross premium written in 2017 among a total of 68 general insurance players in the Philippines.

2) **Financial Performance**

Key financial performance

(Amount in RM'000)	FY2017	FY2016
Gross Premiums Written	153,266	137,094
Underwriting Surplus	24,531	19,069
Investment Income	8,992	5,590
Profit Before Taxation	16,118	7,442
Claim Ratio in %	45.9%	47.9%
Commission Ratio in %	28.8%	27.5%
Total Assets	292,492	263,839
Total Liabilities	203,623	179,075
MAAGAP's profit contribution to the Group - as an associated company till 18 April 2017 - as a subsidiary effective 19 April 2017	 1,486 10,637	 2,192 -
Total Profit Contribution	12,123	2,192

In 2017, total Gross Premiums Written grew 11.8% to RM153.3 million (2016: RM137.1 million), driven mainly by increase in the production of both motor and non-motor classes of business. The motor and non-motor businesses contributed 42.4% (2016: 41.2%) and 57.6% (2016: 58.5%) respectively of the total Gross Premiums Written in 2017. The major factors driving the business growth were the increase in overall car sales and uptrend of infrastructure development and construction projects on the back of the strong Philippines economy with a Gross Domestic Product growth of 6.7% in 2017.

MAAGAP has registered a two-fold increase in PBT of RM16.1 million in 2017 from RM7.4 million in 2016. The higher profit was driven mainly by the increase in earned premiums, growth in both underwriting surplus and investment income at 28.6% and 60.9% respectively. These improvements have out-weighted the marginal increase in management expenses by RM0.2 million from RM17.7 million in 2016 to RM17.9 million in 2017. Staff costs rose by 7.6% in 2017 due mainly to annual salary increment and increase in headcount to support its business growth and also continuous staff retention and development efforts to remain and attract quality talents with insurance skills and competencies.

Underwriting Surplus stood at RM24.5 million (2016: RM19.1 million), contributed mainly by strong growth in premiums earned and a lower combined claim and commission ratios at 74.7% (2016: 75.4%). All motor and non-motor classes of business except general accident had registered underwriting surplus.

In 2017, the Claim Ratio improved to 45.9% from 47.9% in 2016. The Claim Ratio for motor class was higher at 59.0% (2016: 55.2%) during the financial year under review, mainly due to increase in the number of motor car claims (9,300+ claims) as against 2016 (8,000+ claims) aggravated by the increase in the cost of spare parts and repair, offset partly by the release of excess incurred but not reported claim reserve ("IBNR") of RM3.6 million based on appointed actuary valuation. The Claim Ratio for non-motor business improved to 34.0% (2016: 39.3%), also driven mainly by the release of excess IBNR of RM1.9 million based on appointed actuary valuation that partially offset claims from occurrences of natural catastrophes and earthquake incidences during 2017 in the Philippines.

The Commission Ratio recorded a marginally increase to 28.8% (2016: 27.5%) in 2017, on the back of higher volume of fire, personal and general accident classes of business written with higher commission rates.

MAAGAP recorded a total Investment Income of RM9.0 million – up 60.9% compared to RM5.6 million in 2016, on the back of higher amount of investible funds from RM171.4 million as at end December 2016 to RM188.6 million as at end December 2017. During 2017, MAAGAP registered a higher investment yield of 20% (2016: 4%) contributed mainly by 1.5 times increase in the gain from the disposal of investments and 34.2% increase in interest and dividend income, boosted by the investment approach to invest in higher yielding fixed income and dividend investments with acceptable investment grades.

On liquidity and funding resources to support business growth and operations including claims payment to insured, MAAGAP applies assets and liabilities matching in its investment policies, close credit monitoring of receivables and cash requirement projections to ensure sufficient liquid assets are held to meet its obligations.

Under the New Insurance Code issued by the Insurance Commission ("IC") of the Philippines, insurance companies in the Philippines are required to comply with both the Net Worth requirement at increasing levels at each internal of three (3) years until 31 December 2022 and the new Risk-Based Capital ("RBC2") framework. As at 31 December 2017, MAAGAP met both the Net Worth and RBC2 at levels well above the minimum required.

For the financial year under review, MAAGAP has registered higher profit contribution to the Group total RM12.1 million (2016: RM2.2 million when was an associated company).

3) Sustainability and Strategic Direction

Moving into 2018, MAAGAP shall ride with the waves of progress in the Philippines where the country is expected to sustain robust economic growth with forecast Gross Domestic Products of 7% - 7.5% brought about largely by the steady influx of funds in the country through overseas foreign workers remittances, business process outsourcing earnings and lastly new infrastructure projects driven by the government.

On the back of the favourable economic conditions, MAAGAP will continue to focus on organic growth momentum by expanding customer base and distribution channels through its total twelve (12) branches, recruit quality and productive agency force and active monitoring of performance by line of business and investment return. Further on this note, MAAGAP has strategized a 3-year IT masterplan to expand its backroom efficiencies and capabilities including addition of new business analysis tools and also internet marketing channel.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company ("Board") is fully supportive of the latest Malaysian Code of Corporate Governance issued on 26 April 2017 ("Code"). The Company has also used its best endeavours to enhance its policies and procedures in order to apply the principles of the Code. The Company's corporate governance practices and activities for the financial year ended 31 December 2017 are set out in this Corporate Governance Overview Statement as well as the Corporate Governance Report. The Corporate Governance Report is published on our website: https://www.maa.my/maa/maagroup/index.php?corporate-governance-1

BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is aware that good governance starts from an effective and accountable Board.

Throughout the financial year 2017, the Board has continued to lead and provide direction to management directly as well as indirectly through its committees in relation to the Group's strategic direction and business. These have been further detailed under the Company's Management Discussion and Analysis section of this Annual Report.

In its exercise of oversight of the Company, the Board has met seven (7) times in 2017 to monitor the Group's operational and financial performance and to deliberate on the Group's corporate and business matters which require consideration, direction and decision of the Board.

The Board will continue to focus on good governance and towards protection of all stakeholders' interest, and including the interest of the shareholders with a view to adding long term value to the Company's shares.

The Board is committed to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour. To this end, the Board has approved and adopted the revisions and enhancements to its Board Charter and the Code of Conduct and Ethics to be in line with the principles and practices under the Code.

The Board is also aware that sustainability is key to future of the Company, and had engaged Messrs Deloitte Enterprise Risk Services to assist the Board to identify, evaluate and manage the material economic, environmental and social risks and opportunities for the Group. Further details on how the Group's material sustainability risks and opportunities are managed can be found in the Sustainability Statement of this Annual Report.

During the financial year ended 31 December 2017, the members of the Board have attended and participated in various programmes and forums to keep abreast of current trends and issues while enabling them to update and refresh their skills and knowledge necessary for the performance of their duties.

The Board has met seven (7) times during the financial year ended 31 December 2017 and is satisfied with the time commitment given by the directors of the Company in discharging their duties.

Details of the meeting attendance and trainings attended by each of the directors for the financial year ended 31 December 2017 are as follows:

Members of the Board	Meeting Attendance	Trainings Attended
Tunku Dato' Yaacob Khyra (Chairman)	4/7	-
Datuk Muhamad Umar Swift	7/7	• Bursa Malaysia CG & Sustainability Breakfast Series: "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability". • MIA International Accountants Conference 2017. • Sustainability Awareness Training for Directors and Management.
Yeo Took Keat	7/7	• Changes affecting directors under the Companies Act 2016: What Every Director Needs To Know. • MFRS 9 Financial Instruments: Gearing Up for First-Time Adoption. • MIA International Accountants Conference 2017. • Sustainability Awareness Training for Directors and Management.
Tan Sri Datuk Seri Razman Md Hashim	6/7	• Sunway Leaders Conference. • Briefing by Wong & Partners on Companies Act 2016.
Tan Sri Ahmad bin Mohd Don	6/7	• Exclusive Workshop for Nomination Committee Chairman and Members, titled 'Board Selection – Engagement with Potential Directors'. • Briefing by Wong & Partners on Companies Act 2016. • Sustainability Awareness Training for Directors and Management.
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	7/7	• "Highlight Of The Companies Act 2016 - Changes & Implications".
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	7/7	• MIA Conference: "Global Capital Markets: Entering a New Era".
Onn Kien Hoe	7/7	• Malaysian Financial Reporting Standards (MFRS) – A broad overview and the Business Implications. • National Tax Conference 2017. • MIA – 50th Anniversary Commemorative Lecture. • Securities Commission Malaysia's Conversation with Audit Committees. • Briefing by Wong & Partners on Companies Act 2016. • 2018 Budget Seminar. • Sustainability Awareness Training for Directors and Management.
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan (appointed on 26 May 2017)	3/3	• Mandatory Accreditation Programme. • Sustainability Awareness Training for Directors and Management.

Tunku Dato' Yaacob Khyra was unable to attend a suitable seminar/workshop during the financial year because he was frequently overseas mainly for business purposes and board meetings representing the interests of the Group.

Board Composition

The Board recognises that it is essential to have an appropriate mix of skills, knowledge, experience, diversity and independent elements in order for the Board to perform its role effectively.

The Board comprises of ten (10) members as at the date of this Annual Report, of whom six (6) are Independent Non-Executive Directors.

The Board Committees are also chaired by Independent Non-Executive Directors.

The Board, with the recommendation of the Audit Committee and the Nomination and Remuneration Committee, duly notes and fully supports the enhanced standards and requirements under the Code in relation to Board Composition.

In particular and in line with the requirements of the Code, the Board had on 23 November 2017 set a target of having at least one (1) woman director on the Board. In connection with this, the Board had appointed Datin Seri Raihanah Begum Bt Abdul Rahman as an Independent Non-Executive Director on 22 February 2018.

In addition, all necessary revisions to the Board's policies and processes to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities") and the Code have been endorsed and approved by the Board on 23 November 2017.

The main revisions to the Board's policies and processes are as follows:

(a) Enhancing the procedures for the appointment/removal of directors and the review of the effectiveness of the board and individual directors to include rigorous review process on the independence of any independent director who has served/would be serving a cumulative term of 9 years and criteria for assessment includes diversity in skills, experience, age, cultural background and gender.

(b) Enhancing the criteria and processes for Annual Evaluation to determine the effectiveness of the board, its committees, each individual director and independent directors to include additional independent director evaluation which is a peer evaluation process by the Board to examine and assess the independence of independent directors who has been serving the Company for more than eight (8) years.

Remuneration

The Board is aware that fair remuneration is critical to attract, retain and motivate Directors, Chief Executive Officer/Group Managing Director ("CEO/Group MD") and key senior officers. As such, procedures for determining the remuneration of directors, CEO/Group MD and key senior officers has been reviewed and enhanced on 23 November 2017 to be in line with the MMLR of Bursa Securities and the Code.

The Detailed Remuneration of the Directors for the financial year ended 31 December 2017 is set out below:

Name	Salary (RM'000)	Bonus (RM'000)	Benefits in Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Directors						
Tunku Dato' Yaacob Khyra	1,629	272	28	-	2[(N)]	304
Datuk Muhamad Umar Swift	1,333	222	52	11[(N)]	3[(N)]	249
Yeo Took Keat	989	156	9	-	-	317
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	258	43	6	-	-	49
Independent Non-Executive Directors						
Tan Sri Datuk Seri Razman Md Hashim	-	-	-	53	20	-
Tan Sri Ahmad bin Mohd Don	-	-	-	53	19	-
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	-	-	-	53	22	-
Onn Kien Hoe	-	-	-	71	25	-
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	-	-	-	35	9	-

* *Benefits in kind include company car, petrol, driver and medical insurance benefits.*
** *Others include vehicle substitution and travelling allowances, long service award and EPF.*
[(N)] *Director's fees and meeting allowances received from an overseas subsidiary company.*

The top five (5) senior management whose total remuneration falls within the bands of RM50,000 for the financial year ended 31 December 2017 are as follows:

Band of RM50,000	Name	Salary (%)	Bonus (%)	*Other Benefits (%)	Total (%)
RM1,400,000 to RM1,450,000	Daniel C. Go**	56	37	7	100
RM650,000 to RM700,000	Lim Yong Huey	64	11	25	100
RM450,000 to RM500,000	Angeline Lim	60	20	20	100
RM350,000 to RM400,000	Muhamad Sakim Sim bin Abdullah**	62	10	28	100
RM100,000 to RM150,000	Anand Kanagasingam (joined on 18th Sept 2017)	73	-	27	100

* *Other benefits include vehicle substitution and travelling allowances, directors' fees and meeting allowances, medical insurance benefits and EPF.*

** *Key senior management personnel of subsidiary, MAAGAP. Their 2017 full year remuneration is disclosed here eventhough MAAGAP only became a subsidiary company in April 2017.*

EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit Committee as well as the Risk & Sustainability Management Committee comprise of five (5) members, all of whom are independent non-executive directors. Both the Audit Committee and the Risk & Sustainability Management Committee function on a Terms of Reference approved by the Board. Further details on the Audit Committee and the Risk & Sustainability Management Committee together with their respective activities are set out in the Audit Committee Report and Statement on Risk Management and Internal Control of this Annual Report respectively.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board is aware of the importance of meaningful communication with its stakeholders including its shareholders. It is the Board's expectation that all directors are to attend the AGM and will use its best endeavours to provide meaningful response to questions addressed to them.

The Board has endorsed the adoption of the Code requirement for notice of the AGM to be given to the shareholders at least 28 days prior to the meeting.

In line with the MMLR of Bursa Securities, the Company had implemented e-voting for all the resolutions set out in the Notice of AGM at the AGM and had appointed one (1) scrutineer to validate the votes cast at the AGM.

COMPLIANCE WITH CODE

The Board shall use its best endeavours to continually uphold corporate governance standards and ensure corporate governance practices are implemented in the business operations of the Company.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. Status of Utilisation of Proceeds Raised from Corporate Proposals

Brief explanations of the status of utilisation of proceeds raised from corporate proposals of the Group are as follow:

(a) Disposal of Malaysian Assurance Alliance Berhad and other subsidiaries on 30 September 2011

	Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	Repayment of Medium-Term Notes	140,000	140,000	Immediately upon the receipt of the proceeds from the proposed disposal	-	-
(ii)	Repayment of borrowings and the payment of related interest cost	36,400	36,416	Immediately upon the receipt of the proceeds from the proposed disposal	16	-
(iii)	Payment of borrowings restructuring fees	3,800	3,800	Immediately upon the receipt of the proceeds from the proposed disposal	-	-
(iv)	General working capital requirements	191,096	121,651	Within 24 months from the date of receipt of the proceeds from the proposed disposal	-	-
(v)	Payment of dividends to shareholders during FY 2014, 2015, 2016 and 2017	-	69,429	-	69,429	Dividend payment to shareholders
	Total	(N1) 371,296	371,296		69,445	

(N1) consist of headline consideration of RM344.0 million as stated in the Circular to Shareholders dated 29 August 2011 and additional proceeds received from price adjustments, net of settlement of agreed claims with the purchaser, Zurich.

(b) Disposal of MAAKL Mutual Bhd on 31 December 2013

	Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	Explanations (if the deviation is 5% or more)
		RM'000	RM'000		RM'000	
(i)	General working capital requirements	(N2) 53,061	37,598	No limit specified	-	-
	Total	53,061	37,598			

(N2) sale proceed net of selling expenses

(c) Disposal of MAA Takaful Berhad on 30 June 2016

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000	Explanations (if the deviation is 5% or more)
(i)	Proposed Special Dividend	100,761	100,761	Within 6 months from the disposal completion date	-	-
(ii)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	196,739	56,606*	Within 24 months from the disposal completion date	n/a as the 24 months period is not yet due	-
		93,750	-	Within 24 months from the receipt of the Retained Consideration	n/a as the Balance Consideration has not been received yet	-
(iii)	Estimated expenses relating to the disposal	2,500	2,403	Within 1 month from the disposal completion date	97	-
(iv)	Payment of dividends to shareholders during FY 2017	-	8,207	-	8,207	Dividend payment to shareholders
	Total	(N3) 393,750	167,977		8,304	

(N3) Gross sale proceeds as stated in the Circular to Shareholders dated 6 June 2016.

* consist of:

a) an amount of RM29.351 million being the downward price adjustment in accordance with the terms of the sale and purchase agreement paid on 27 December 2016 to the purchaser, Zurich from the initial consideration of RM300.0 million received from Zurich on 30 June 2016, the sale completion date; and

b) an amount of RM27.255 million being the consideration paid to subscribe for additional 300,000 new shares with par value of PHP1,000 per share of MAAGAP that increased the Group's equity interest from 40% to 70%, making it a subsidiary.

2. Audit and Non-Audit Fees

During the financial year ended 31 December 2017, the following audit and non-audit fees were incurred for services rendered by the external auditors or a firm or corporation affiliated to them:

(a) Audit fees paid or payable by the Group and the Company amounting to RM314,000 and RM247,000 respectively; and

(b) RM60,000 being fee for tax advisory services.

3. Material Contracts

There was no material contracts (not being entered into in the ordinary course of business) entered into by the Group which involved Directors and Shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature

On 25 May 2017, the Company sought approval for a shareholders' mandate for the Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 28 April 2017) 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 Related Party Transactions conducted during the financial year ended 31 December 2017 are:

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transactions (1/1/2017 - 31/12/2017) RM '000
The 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 holding company of Trace.	230
MAA Corporation Sdn Bhd ("MAA Corp")	Office service fee income	Melewar Equities Sdn Bhd ("MESB")	A company in which TY is deemed interested in MESB. MESB is a subsidiary of Khyra**. TY is a beneficiary of a trust known as Khyra, being the holding company of MESB.	12
		Melewar Industrial Group Berhad ("MIG")	TY is a director of MIG. TY is deemed interested in MIG by virtue of him being a beneficiary of Khyra, who is the holding company of MESB and MKSB*** who are the major/substantial shareholders of MIG.	18
MAA Corp	Office rental income	MESB	TY is deemed interested in MESB. MESB is subsidiary of Khyra**. TY is a beneficiary of Khyra, being the holding company of MESB.	52
		MIG	TY is a director of MIG. TY is deemed interested in MIG by virtue of him being a beneficiary of Khyra, who is the holding company of MESB and MKSB who are the major/substantial shareholders of MIG.	81
The Company	Human Resource fee income	Mycron Steel Berhad ("MSB")	Mycron is a subsidiary of MIG. TY is a director of Mycron. TY is deemed interested in Mycron by virtue of Section 8(4)(c) and Section 197(1)(b) of the Companies Act, 2016 via MIG.	106

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

INTRODUCTION

This statement on Risk Management and Internal Control is made pursuant to Bursa Securities Listing Requirements which obliges the Board of Directors of a listed company to account for the state of its internal control system in the Annual Report.

The Malaysia Code on Corporate Governance 2017 ("Code") further require the Board of Directors to set appropriate policies on internal control and seek assurance that the systems are functioning effectively.

Pursuant to these requirements, the Board of Directors of the Company ("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 Securities.

BOARD RESPONSIBILITY

The Board reaffirms its overall responsibility for the Group's system of internal controls, 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 accepted 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 the ultimate responsibility for the Group's risk management and internal control systems, it has delegated the immediate oversight and implementation of these internal controls to the Management who make regular submissions to the Audit Committee ("AC") and Risk & Sustainability Management Committee on the status of actions taken to mitigate and/or minimize 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/Group Managing Director ("CEO/Group MD") and Group Chief Operating Officer ("Group COO") on the efficacy of the risk management and internal control system and that; it sufficiently safeguards the interests of the Group.

RISK & SUSTAINABILITY MANAGEMENT COMMITTEE

The Risk Management Committee had on 22 August 2017, changed its name to Risk & Sustainability Management Committee ("RSMC"). Apart from reviewing the effectiveness of the risk management process, RSMC has extended its role to also oversee the Group sustainability matters.

The RSMC met four (4) times during the financial year ended December 2017. The attendance record of the members 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)*	4/4
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)*	4/4
Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan *(Member, Independent Non-Executive Director)* *(Appointed on 10.8.2017)*	2/2
Datin Seri Raihanah Bt Abdul Rahman *(Member, Independent Non-Executive Director)* *(Appointed on 22.2.2018)*	Not Applicable

During RSMC meetings, the members engaged in active discussions with the Group Audit & Risk Department ("GARD") on risk management matters affecting the Group and its operations.

The emphasis during the year was on the operations in the Philippines and Australia. The members were of the view that, the risk management function in the operating companies in the two locations was in need of further strengthening. This prognosis was based on the fact that, these entities operate in geographically distant and distinctly different economic environments/structures.

The Group's operations in the Philippines ranked higher in terms of the priority. On 19 April 2017, MAA General Assurance Philippines, Inc ("MAAGAP") received the approval from the Securities & Exchange Commission of Philippines for the increase in the authorised and paid-up share capital via a capital injection by MAA International Group Ltd ("MAAIG"), thus making MAAGAP a subsidiary of the Group. GARD stepped up the frequency of its visits to MAAGAP to ensure agreed risk mitigation measures are implemented as scheduled.

Process such as claims, underwriting and investment were the main focus for MAAGAP. The risk management and internal control for MAAGAP is supported by its Internal Audit Department, Legal & Compliance Department and various management committees. Additionally, GARD also initiated Compliance Audit. Compliance audit provides additional check and balance by the Compliance Unit which reports to the Board on quarterly basis. Some of the rectification measures that were undertaken pursuant to the tabling of the report included strengthening of the Internal Control Procedures ("ICPs") and Standard Operating Procedures ("SOPs") relating to MAAGAP main processes. MAAGAP is currently reviewing all its existing ICPs and SOPs which includes the authority limit.

Report on cyber risk was also tabled to the RSMC to further ensure that the Company and its overseas entities have taken necessary steps in preventing cyber-attacks. Antivirus systems were updated with the latest patches and the respective IT Departments educated and informed users on how to handle and prevent possible spread of malwares and viruses. All updates and backup were ensured to be performed regularly.

In the case of Columbus Capital Pte Limited ("CCA"), apart from cyber security risk review, a special review was also conducted on the effectiveness of the management's strategies in mitigating risks associated with Interest Rates, Treasury/Portfolio and Credit Risk. CCA's risk management and internal control in these areas is supported by Pricing Committee, Credit Committee and the Treasury Department. Internal audit for CCA is outsourced to BDO, Australia.

While both the 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, assesses and comments on the contents before they are tabled at the RSMC.

GROUP AUDIT AND RISK

The day-to-day responsibility for the risk management function lies primarily with those entrusted with risk management responsibilities in the operating units. GARD, oversees the implementation of the Enterprise Risk Management ("ERM") framework which is based on the ISO 31000 Risk Management Standard. GARD continued to monitor 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.

To ensure greater awareness of managing risks amongst the work-force 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/techniques of risk identification and evaluation, as well as risk mitigation strategies.

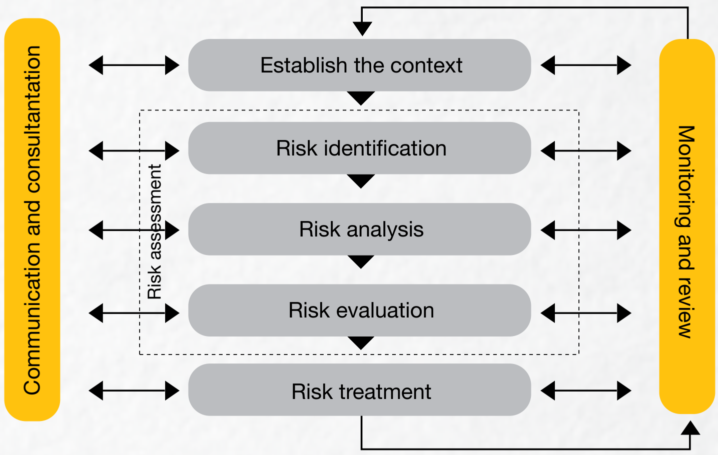
Effective October 2017, the Company has co-sourced the function of audit and risk management to an external provider i.e Deloitte Enterprise Risk Services Sdn Bhd ("Deloitte"). The appointment of Deloitte is to provide operational level risk assessment to leverage on the existing ERM efforts in the Group.

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 Internal Audit. The internal auditors collaborate with risk management to ensure areas with higher risks are assessed more frequently and more intensely. Details on the worked performed by the Internal audit function can be found in the Audit Committee Report of this Annual Report.

The diagram below encapsulates 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:



The ERM Framework sets out:

- the fundamentals and principles of 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.

The GARD ensures that all elements of the ERM Framework are implemented throughout the Group and its subsidiaries in a consistent fashion. 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 profiles 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 point of risk assumption.

The Group is exposed to various financial risks such as credit, interest rate, foreign currency exchange rates, as well as operational risks. The tolerance level for each class of these risks 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 provides reasonable assurance on the long term profitability and survival of the Group.

OTHER KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT

- A comprehensive and detailed set of "SOPs" and "ICPs" encompassing every key activity in all major facets of operations which are constantly revised to reflect changing circumstances. They are also easily accessed for reference purposes through a system based portal.

- The CEO/Group MD and Group COO meet monthly with Senior Management to discuss and review the financial and business performance of all operating entities, new business initiatives and other corporate issues of the Group including any policy papers to be tabled at the parent Board.

- 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 relevant 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/Group MD or Group COO for endorsement and adoption.

- An Audit Comittee ("AC") comprising entirely of Independent Directors. The AC 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 AC and the Board is also entitled to seek such other third party independent professional advice deemed necessary to the discharge of its responsibilities.

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

- Reviews by the AC of all risk management and internal control issues identified by the external and internal auditors. Findings are communicated to the Management and the AC with recommendations for improvements. Follow-up action to ascertain the implementation status of the recommended remedial actions is conducted by GARD and the AC is furnished with the relevant update.

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

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the AC, RSMC, Nomination and Remuneration Committee, Investment Committee, Executive Committee and Business Committee.

- A well-defined organizational structure with clear segregation of duties, accountabilities and responsibilities between Senior Management and Division/Department Heads including appropriately formalized and documented financial and non-financial authority limits.

- 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.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that, there were no significant weaknesses identified during the year in the system of risk management and internal control, contingencies or uncertainties that could result in material losses and adversely affect the Company and the Group. The Company and the Group continue to take the necessary measures to strengthen their 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 Securities 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 requirements of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad.

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 of the Group so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2017.

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

COMPOSITION AND MEETINGS

The Audit Committee ("AC") comprises of six members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1) (a) and (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This includes the newly appointed Datin Seri Raihanah Begum bt Abdul Rahman as committee member with effect from 22 February 2018.

The details of members and their respective attendance record at meetings held during the financial year ended 31 December 2017 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)*	5/6
Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Member, Independent Non-Executive Director)*	6/6
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan *(Member, Independent Non-Executive Director)* *(Appointed on 10.8.2017)*	2/2
Datin Seri Raihanah Begum bt Abdul Rahman *(Member, Independent Non-Executive Director)* *(Appointed on 22.2.2018)*	Not applicable

The Chairman of the AC, Mr Onn Kien Hoe is a member of the Association of Chartered Certified Accountants, The Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. The AC, therefore, meets the requirement of paragraph 15.09 (1) (c) of the Listing Requirements of Bursa Securities which stipulates that, at least one (1) member of the AC must be a qualified accountant.

The AC met according to the schedule of at least once every quarter. The Chief Executive Officer/Group Managing Director and Group Chief Operating Officer were invited to all AC meetings to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations. The Group Audit & Risk Department ("GARD") and members of Senior Management were also present at these meetings. The Committee members were provided with the agenda and relevant papers 5 days before each meeting. Minutes of the AC meetings were distributed to the Board for notation and the Chairman of the AC reported on the key issues discussed, to the Board.

TERMS OF REFERENCE

The terms of reference of the AC can be found on the Group's website.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2017, the AC carried out its duties as set out in the terms of reference. The principal activities were as follows:

Financial Reporting and Annual Report

The AC reviewed the following Group financial statements and made recommendations to the Board for approval of the same:

Date of AC Meetings	Quarterly financial results/Financial statements reviewed
23 February 2017	Unaudited fourth quarter results for the period ended 31 December 2016
13 April 2017	Audited Financial Statements for the year ended 31 December 2016
25 May 2017	Unaudited first quarter results for the period ended 31 March 2017
22 August 2017	Unaudited second quarter results for the period ended 30 June 2017
23 November 2017	Unaudited third quarter results for the period ended 30 September 2017

The review of the unaudited quarterly financial results is to ensure the disclosures are in compliance with Malaysia Financial Reporting Standards and applicable disclosure provisions of the Listing Requirements of Bursa Securities.

The AC review of the audited financial statements of the Company and of the Group for the financial year ended 31 December 2016 encompassed the financial position and performance for the year and ensured that it complied with all disclosure and regulatory requirements prior to recommending the statements to the Board for approval.

Significant matters that were highlighted by the external auditors in the financial statements and noteworthy judgments made by the Management were also reviewed and discussed during the AC meetings.

Some of the significant matters that were discussed during the year were in relation to PN17 status, disposal of MAA Takaful Berhad ("MAA Takaful") and subscription of new ordinary shares in MAA General Assurance Philippines, Inc ("MAAGAP"). The issue on PN17 can be found in the Independent Auditor's Report of this Annual Report.

The matter relating to the disposal of MAA Takaful was on the present value charge on the Retained Consideration in the financial statements. Auditors concurred with Management's accounting treatment on this. No exceptions were noted in this matter.

On 6 November 2016, MAA International Group Ltd ("MAAIG") injected PHP300 million which is equivalent to RM27.3 million to subscribe to the additional 300,000 ordinary shares in MAAGAP. The proposed subscription was completed on 19 April 2017 where MAAIG's equity interest in MAAGAP increased to 70%, thereby converting MAAGAP from an associate company to a subsidiary of the Company. Auditors concurred with Management's accounting treatment and no exceptions were noted in this matter.

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 them on their independence. This was done in April 2018 after the reporting period, together with the assessment on the reappointment of the auditors;

- The AC of the Company met 6 times during the financial year and had its private sessions with the External Auditors twice i.e. on 23 February 2017 and 23 November 2017 to discuss the audit plan, audit findings, financial statements and other matters that required the Board's attention.

- 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 based on the criterion specified in the Group's assessment policy for the appointment/reappointment of an external auditor. Amongst the qualifying conditions applied during the said exercise was the level of knowledge the auditors brought to the assignment, capabilities, experience, output quality, their ability to provide constructive observations and recommendations in areas which required improvement and lastly, the effectiveness in planning and conducting the audit exercise.

- Reviewed major audit findings raised and management's response, including the implementation status of previous audit recommendations.

Key Audit Matters ("KAM")

- The International Standards on Auditing for KAM (ISA701) comes into effect for audit reports and financial statements for financial years ending on or after 31 December 2016. This new standard requires a section to be included in the Independent Auditor's Report to highlight those matters that, in the Auditor's professional judgement, were deemed most significant during the course of the audit.

- As a preparatory measure to comply with this new standard, the AC proactively engaged in active discussions with the external auditors for a better understanding of the Group's role in providing the required information needs in order to ensure compliance and a smooth transition process. The AC also ensured that mechanisms were put in place especially with regard to mutually agreed timelines so that full co-operation was extended by both the operating entities in the Philippines and Australia (who have a different set of External Auditors) to assist PricewaterhouseCoopers PLT ("PwC"), the Company's external auditors in completing this assessment in a timely and effective manner. Issues under KAM is reported in the Independent Auditor's Report of this Annual Report.

Internal Audit

- Reviewed the annual audit plan for adequacy of scope and coverage of the key activities of the Group. Audit areas were discussed together with the audit procedures. Risks affecting the audit areas determined the frequency of audit coverage. The annual audit plan was approved for adoption following this review;

- Reviewed the internal audit reports, audit recommendations and management's responses to the same and actions taken to improve the system of internal controls and procedures. Internal audit reports in the financial year covered both the functions of the Company and its subsidiaries;

- Monitored the implementation of the audit recommendations to ensure all key risks and controls have been addressed;

- Reviewed the Statement on Risk Management and Internal Control to confirm that it is consistent with their understanding of the state of internal controls of the Group and recommended the same to the Board for inclusion in the Annual Report.

GROUP AUDIT & RISK

The AC is supported by GARD which collaborates with the outsourced service providers in discharging the internal audit role for the Group and its principal operating subsidiaries.

GARD is headed by a Senior Manager with 16 years of internal audit experience and assisted by an Executive Manager. Both are member of The Malaysian Institute of Accountants. In order to strengthen the controls within the Group, an outsourced service provider, i.e Deloitte Enterprise Risk Services ("Deloitte") has been engaged in October 2017 for internal audit, risk management and sustainability reporting for the Group and MAAGAP. The internal audit for Columbus Capital Pte Limited ("CCA"), an associate company in Australia is supported by BDO.

The appointed service provider who applies the International Professional Practises Framework assisted the Board, AC and Senior Management by providing an independent and objective assurance/assessment on the adequacy and effectiveness of the internal control system, risk management procedures and governance processes. The audit scope covers operational, financial and compliance of the Group and the subsidiaries. The results of the audits will be reported to the AC on a quarterly basis to highlight control issues with risk exposures and effectiveness of the existing mitigating measures.

The total cost incurred for internal audit function for the financial year ended 31 December 2017 was RM240,000 compared to RM135,000 in FY2016. The higher cost this year is attributed to increase in the number of staff in GARD and travelling expenses for MAAGAP internal audit review. During the financial year, the internal audit works mainly focussed on MAAGAP and CCA.

As for MAAGAP, with the Group's strategic decision on converting it into a subsidiary, there arose a greater need to exercise proper supervision and to ensure that the internal controls in place were consistent with Group practises. Monthly visits were carried out with staff from the Group Finance Department to provide reasonable assurance to both the AC as well as the Group.

Reporting directly to the AC of MAAGAP and supervised by GARD, the onsite presence of the internal auditors created a heightened awareness of the oversight function at all levels of the organization, facilitated speedier detection of policy/guidelines breaches and more frequent assessment of key operational areas.

Compliance audit was introduced in 2017 in MAAGAP by GARD to enhance compliance reporting to the Board. The compliance audit was done on underwriting sections. The audit was conducted jointly by internal audit and compliance department of MAAGAP. Several issues on non-compliance to the regulations and circulars issued by Insurance Commission of Philippines were highlighted to management and thereafter presented to the AC. Breaches were noted in the use of tariff, reporting to authorities, non-payment of fees and appointment of foreign reinsurer. Management of MAAGAP has taken note of the breaches and enhanced the existing control to avoid future breaches.

The internal audit on MAAGAP is focussed on the main sections i.e Underwriting, Claims and Investment. Issues that require more attention for all 3 sections were in relation to authority limits. Currently, MAAGAP is in the process to revise its Internal Control Program and Standard Operating Procedure to better reflect its operation and its reporting to the Board and the Group.

As for Sydney based CCA, the outsourced internal auditors, BDO finalised the audit on the 9 trust accounts held by 2 Custodian in September 2017. BDO noted a few minor shortcomings in terms of the need to enhance the management of the physical documents. All rectification measures have been implemented.

Internal audit reports were tabled to the AC of the Company in respect of the above mentioned entities.

There were no financial losses sustained by the Group in 2017.

In this fast changing operating landscape, our differentiated service, innovation, and commitment to sustainability will continue to set us apart in humanizing our services. The Board firmly believes it must undertake economic, social and environmental aspects into considerations when developing, planning, and executing the entire business.

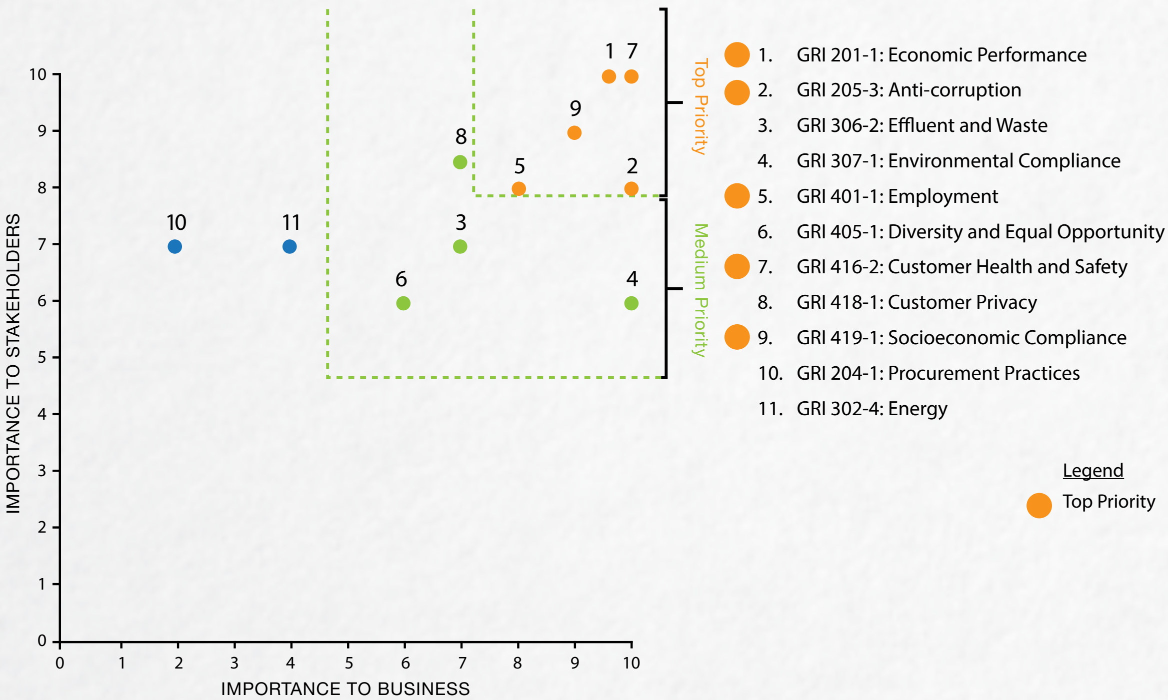
Over the years, the company has been mindful of our corporate social responsibility. During the year, we embarked on an initiative to review our internal approach to sustainability management to integrate sustainability into our business strategies, operations, our people, local community and even our corporate governance approaches. Moving forward, we aim to embed sustainability even deeper into our business objectives making the necessary improvements in our processes and ensuring that sustainability continues to be a major part of business growth.

At MAA Group Berhad ("MAAG"), sustainability is governed by the Board, which oversees the Risk & Sustainability Management Committee ("RSMC"). The Board is responsible to review the sustainability strategy. In ensuring that the company sustainability best practices and disclosures are made in line with the required standards, the Board has approved the appointment of Deloitte Enterprise Risk Services ("Deloitte") to provide their expertise and guidance in sustainability's matters.

In our efforts to instil sustainability, we conducted a workshop for Board of Directors, middle and top management staff. Through the workshop, we have developed our materiality matrix and prioritised our material areas – Economic Performance, Anti-Corruption, Employment, Customer Health and Safety and socioeconomic Compliance.

The aforementioned five key sustainability materials will be further disclosed in MAAG forthcoming sustainability report.

MAAG Materiality Matrix



2017
FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the 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
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan (appointed on 26 May 2017)
Datin Seri Raihanah Begum Binti Abdul Rahman (appointed on 22 February 2018)

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and providing management services, whilst the principal activities of the subsidiaries are 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 46 to the financial statements.

FINANCIAL RESULTS

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

	GROUP	COMPANY
	RM'000	RM'000
Net profit for the financial year attributable to:		
- Owners of the Company	25,136	37,353
- Non-controlling interests	1,208	-
Net profit for the financial year	26,344	37,353

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those fees and other benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by 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, except fees paid to a company in which certain Directors have an interest as stated in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
The Company	At 1.1.2017	Acquired	Disposed	At 31.12.2017
Tunku Dato' Yaacob Khyra ("TY") - deemed indirect interest #	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

TY is deemed interested by virtue of him being a beneficiary of a trust known as Khyra Legacy Berhad, being the holding company of Melewar Equities (BVI) Ltd, Melewar Khyra Sdn Bhd and Melewar Equities Sdn Bhd who are the substantial shareholders of the Company.

DIVIDENDS

In respect of the financial year ended 31 December 2017, the following dividend payments were made:

(a) a first interim dividend of 6 sen per share under the single-tier dividend system totalling RM16,411,065 was paid on 31 March 2017; and

(b) a second interim dividend of 3 sen per ordinary share under the single-tier dividend system totalling RM8,205,533 was paid on 23 October 2017.

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

The Company declared a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,205,533 payable on 25 April 2018 in respect of the financial year ending 31 December 2018.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 39 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group and the Company maintain Directors' and Officers' liability insurance for the purpose of Section 289 of the Companies Act 2016, which provides appropriate insurance cover for the Directors and officers throughout the financial year.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM332,000 and RM252,000 respectively.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) 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

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

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

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

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

At the date of this report:

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

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

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company 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” in Note 46 to the financial statements; and

(ii) 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 of the Company for the financial year in which this report is made, other than as disclosed in the “Significant Events During The Financial Year” in Note 46 to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 7 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 29 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 12 April 2018. Signed on behalf of the Board of Directors:

DATUK MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Muhamad Umar Swift and Yeo Took Keat, two of the Directors of MAA Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 75 to 199 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and financial performance of the Group and of the Company for the financial year ended 31 December 2017 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2018.

DATUK MUHAMAD UMAR SWIFT
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

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 75 to 199 are, to the best of my knowledge and belief, 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 at Kuala Lumpur in Malaysia on 12 April 2018.

Before me:

COMMISSIONER FOR OATH

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MAA Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their 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 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 199.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
PN17 status and compliance with Bursa Malaysia Securities Berhad Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") Since 30 September 2011, the Company has been classified as an affected listed issuer pursuant to Paragraph 8.04 and Paragraph 2.0 of PN17 of the Listing Requirements. Pursuant to Paragraph 8.04(3) of the Listing Requirements, the Company is required to regularise its condition by undertaking a regularisation plan to address the PN17 status. Non-compliance with the said Listing Requirements would result the Company being suspended or delisted from the Main Market of Bursa Securities. The regularisation plan was required to be submitted to Bursa Securities within a period of twelve months from the date of the first announcement on 30 September 2011. On 22 December 2017, the Company wrote to Bursa Securities seeking for an approval to further extend its regularisation plan for a period of six months from 31 December 2017 and approval is given by Bursa Securities on 12 January 2018 for an extension of time up to 30 June 2018. Management has disclosed in the notes to the financial statements explaining the status of the Company's regularisation plans.	We have checked to the applications submitted by the Board of Directors to Bursa Securities for an extension of time to submit its regularisation plan including the tentative timeline up to the extended submission time as well as details of its past financial performances. We have checked to the disclosure notes to the financial statements in the basis of preparation explaining the status of the Company's regularisation plan.
Insurance contract liabilities of subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP") The Group's insurance contract liabilities as at 31 December 2017 amounted to RM116 million. Significant judgement is required for valuation of general insurance claims liabilities, particularly in determining the ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with the related claims handling costs. Understanding of the general insurance industry and actuarial expertise is required to evaluate these judgemental methods and assumptions.	In this area our audit procedures included, amongst others: • we validated the underlying data used in the claims estimation process to source documents. These included the integrity of data used in the calculation of claims liabilities. • we used our own actuarial specialist to assist us in evaluating the methods and assumptions used by MAAGAP's Appointed Actuary and the claim liabilities is within the range of the component auditors' estimates. • we evaluated whether MAAGAP's valuation methodology for estimating the insurance claims liabilities is in line with the valuation methods issued by the Philippines Insurance Commission. • we also assessed whether MAAGAP's disclosures in relation to insurance contract liabilities are in line with relevant accounting requirements, including the sensitivities of the key actuarial assumptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Chairman's Message, Financial Highlights, Statement on Corporate Governance, Statement om Risk Management and Internal Control, Audit Committee Report, Management's Discussion and Analysis, and other contents in the annual report but does not included the financial statements of the Group and of the Company and our auditors' report thereon.

Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2019 J
Chartered Accountant

Kuala Lumpur
12 April 2018

	Note	31.12.2017	Restated 31.12.2016	Restated 1.1.2016
		GROUP		
		RM'000	**RM'000**	**RM'000**
ASSETS				
Property, plant and equipment	4	4,612	3,686	14,575
Investment properties	5	49,982	19,824	19,356
Intangible assets	6	590	494	3,571
Associates	8	52,460	66,339	63,618
Deferred tax assets	9	667	-	2,334
Tax recoverable		172	252	340
Investments	10	335,555	179,405	587,382
Financial assets at fair value through profit or loss ("FVTPL")		19,310	2,086	354,855
Available-for-sale ("AFS") financial assets		210,748	36,779	144,710
Held-to-maturity ("HTM") financial assets		-	-	40,632
Loans and receivables	11	105,497	140,540	47,185
Reinsurance assets	12	34,943	-	270,408
Insurance receivables	13	44,322	-	81,041
Deferred acquisition costs	14	16,475	-	-
Trade and other receivables	15	97,591	131,705	40,338
Cash and cash equivalents	16	141,226	157,074	357,245
Assets classified as held for sale		-	-	6,393
TOTAL ASSETS		778,595	558,779	1,446,601
EQUITY AND LIABILITIES				
LIABILITIES				
Insurance contract liabilities	17	150,968	-	846,792
Deferred tax liabilities	9	771	185	1,289
Insurance payables	18	8,656	-	88,321
Deferred reinsurance commissions	14	701	-	-
Trade and other payables	19	52,101	12,116	71,079
Retirement benefit liability	20	559	-	-
Current tax liabilities		2,213	-	4,334
Liabilities directly associated with assets classified as held for sale		-	-	1,281
TOTAL LIABILITIES		215,969	12,301	1,013,096
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	21	304,354	273,518	292,693
Treasury shares		-	-	(444)
Retained earnings	22	259,140	234,811	108,307
Reserves	22	(4,168)	38,149	5,160
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		559,326	546,478	405,716
Non-controlling interests ("NCI")	7	3,300	-	27,789
TOTAL EQUITY		562,626	546,478	433,505
TOTAL EQUITY AND LIABILITIES		778,595	558,779	1,446,601

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

				COMPANY
	Note	31.12.2017	31.12.2016	1.1.2016
		RM'000	RM'000	RM'000
ASSETS				
Property, plant and equipment	4	1,550	1,840	1,906
Investment properties	5	29,690	-	-
Intangible assets	6	127	183	54
Subsidiaries	7	115,000	52,223	100,223
Investments	10	140,264	138,472	19,131
Financial assets at FVTPL		17,267	-	-
AFS financial assets		22,006	5,084	-
Loans and receivables	11	100,991	133,388	19,131
Trade and other receivables	15	90,975	131,477	39,383
Cash and cash equivalents	16	105,970	139,224	157,959
TOTAL ASSETS		483,576	463,419	318,656
EQUITY AND LIABILITIES				
LIABILITIES				
Deferred tax liabilities	9	154	185	107
Trade and other payables	19	4,770	4,615	2,555
TOTAL LIABILITIES		4,924	4,800	2,662
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	21	304,354	273,518	292,693
Treasury shares		-	-	(444)
Retained earnings	22	164,987	152,251	12,084
Reserves	22	9,311	32,850	11,661
TOTAL EQUITY		478,652	458,619	315,994
TOTAL EQUITY AND LIABILITIES		483,576	463,419	318,656

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

		GROUP		COMPANY	
	Note	2017	Restated 2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
Gross earned premiums	23	98,573	-	-	-
Premiums ceded to reinsurers	23	(28,389)	-	-	-
Net earned premiums		70,184	-	-	-
Investment income	24	15,190	11,199	9,659	12,185
Realised gains - net	25	2,831	225	29	13
Fair value (losses)/gains - net	26	(8,308)	2,090	(8,090)	-
Commission income	14	1,861	-	-	-
Other operating revenue from non-insurance businesses	27	5,261	6,860	691	944
Other operating income/(expenses) - net	28	31,822	(7,227)	53,257	(2,126)
Other revenue		48,657	13,147	55,546	11,016
Total revenue		118,841	13,147	55,546	11,016
Gross claims paid		(24,355)	-	-	-
Claims ceded to reinsurers		2,116	-	-	-
Gross change to contract liabilities		(20,776)	-	-	-
Change in contract liabilities ceded to reinsurers		9,663	-	-	-
Net claims incurred		(33,352)	-	-	-
Commission expenses	14	(23,678)	-	-	-
Management expenses	29	(40,810)	(37,191)	(18,224)	(24,384)
Finance costs		(9)	-	-	-
Other expenses		(64,497)	(37,191)	(18,224)	(24,384)
Share of profit of associates, net of tax	8	7,636	3,711	-	-
Profit/(loss) before taxation		28,628	(20,333)	37,322	(13,368)
Taxation	30	(2,284)	(66)	31	(78)
Profit/(loss) for the financial year from continuing operations		26,344	(20,399)	37,353	(13,446)

		GROUP		COMPANY	
	Note	2017	Restated 2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS	31				
Profit before taxation		-	286,870	-	289,399
Taxation		-	(3,729)	-	-
Profit for the financial year from discontinued operations		-	283,141	-	289,399
Profit for the financial year		26,344	262,742	37,353	275,953
Profit for the financial year attributable to:					
- Owners of the Company		25,136	262,290	37,353	275,953
- NCI		1,208	452	-	-
		26,344	262,742	37,353	275,953
Basic earnings/(loss) per ordinary share attributable to owners of the Company (sen):					
- Continuing operations	33	9.19	(7.18)		
- Discontinued operations	33	-	99.44		
		9.19	92.26		

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

	Note	GROUP 2017 RM'000	GROUP Restated 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Profit for the financial year		26,344	262,742	37,353	275,953
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences	22	(17,695)	10,275	-	-
Fair value of AFS financial assets					
- Gross fair value changes	10	10,104	5,799	7,297	2,014
- Transferred to profit or loss upon disposal of AFS financial assets		(2,747)	459	-	-
- Impairment loss transferred to profit or loss		(32)	-	-	-
- Tax effects thereon	9	-	(264)	-	-
		7,325	5,994	7,297	2,014
Changes in takaful contract liabilities arising from unrealised net fair value changes		-	(1,465)	-	-
		7,325	4,529	7,297	2,014
Share of fair value changes of AFS financial assets of associates	8	526	(990)	-	-
Transferred to profit or loss arising from deemed disposal of an associate		728	-	-	-
Items that will not be subsequently reclassified to profit or loss:					
Remeasurement loss on retirement benefit liability	20				
- Remeasurement loss		(224)	-	-	-
- Tax effects thereon		67	-	-	-
- Currency translation difference		77	-	-	-
		(80)	-	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(9,196)	13,814	7,297	2,014
Total comprehensive income for the financial year		17,148	276,556	44,650	277,967
Total comprehensive income for the financial year attributable to:					
- Owners of the Company		15,940	276,104	44,650	277,967
- NCI		1,208	452	-	-
		17,148	276,556	44,650	277,967
Total comprehensive income/(loss) for the financial year attributable to owners of the Company:					
- Continuing operations		15,940	(6,585)	44,650	277,967
- Discontinued operations		-	282,689	-	-
		15,940	276,104	44,650	277,967

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

GROUP

		Attributable to owners of the Company								
		Issued and fully paid ordinary shares		Treasury shares						
	Note	Number of shares	Share capital	Number of shares		Retained earnings	Reserves	Total	NCI	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017										
- as previously stated		273,518	273,518	-	-	240,164	38,149	551,831	-	551,831
- change in accounting policy	37	-	-	-	-	(5,353)	-	(5,353)	-	(5,353)
- restated		273,518	273,518	-	-	234,811	38,149	546,478	-	546,478
Transition to non-par value regime on 31 January 2017	21	-	30,836	-	-	-	(30,836)	-	-	-
Profit for the financial year	22	-	-	-	-	25,136	-	25,136	1,208	26,344
Other comprehensive loss for the financial year	22	-	-	-	-	(80)	(9,116)	(9,196)	-	(9,196)
Total comprehensive income/(loss) for the financial year		-	-	-	-	25,056	(9,116)	15,940	1,208	17,148
Interim dividends paid	32	-	-	-	-	(24,617)	-	(24,617)	-	(24,617)
Acquisition of subsidiary with NCI	34	-	-	-	-	-	(2,365)	(2,365)	26,502	24,137
Realised foreign currency translation differences		-	-	-	-	10,233	-	10,233	-	10,233
Transactions with NCI	34	-	-	-	-	13,657	-	13,657	(24,410)	(10,753)
At 31 December 2017		273,518	304,354	-	-	259,140	(4,168)	559,326	3,300	562,626

GROUP

		Attributable to owners of the Company								
		Issued and fully paid ordinary shares		Treasury shares						
	Note	Number of shares	Share capital	Number of shares		Retained earnings	Reserves	Total	NCI	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016										
- as previously stated		292,693	292,693	(509)	(444)	112,643	5,160	410,052	27,789	437,841
- change in accounting policy	37	-	-	-	-	(4,336)	-	(4,336)	-	(4,336)
- restated		292,693	292,693	(509)	(444)	108,307	5,160	405,716	27,789	433,505
Profit for the financial year										
- as previously stated	22	-	-	-	-	263,307	-	263,307	452	263,759
- change in accounting policy	37	-	-	-	-	(1,017)	-	(1,017)	-	(1,017)
- restated		-	-	-	-	262,290	-	262,290	452	262,742
Other comprehensive income for the financial year	22	-	-	-	-	-	13,814	13,814	-	13,814
Total comprehensive income for the financial year		-	-	-	-	262,290	13,814	276,104	452	276,556
Shares buy-back		-	-	(18,666)	(17,617)	-	-	(17,617)	-	(17,617)
Cancellation of treasury shares		(19,175)	(19,175)	19,175	18,061	(18,061)	19,175	-	-	-
Interim dividends paid	32	-	-	-	-	(117,725)	-	(117,725)	-	(117,725)
Transactions with NCI	35(a)(ii)	-	-	-	-	-	-	-	(28,241)	(28,241)
At 31 December 2016		273,518	273,518	-	-	234,811	38,149	546,478	-	546,478

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

COMPANY

		Non-distributable			Distributable			
		Issued and fully paid ordinary shares			Treasury shares			
	Note	Number of shares	Share capital	Reserves	Number of shares		Retained earnings	Total equity
		'000	RM'000	RM'000	'000	RM'000	RM'000	RM'000
At 1 January 2017		273,518	273,518	32,850	-	-	152,251	458,619
Transition to non-par value regime on 31 January 2017	21	-	30,836	(30,836)	-	-	-	-
Profit for the financial year	22	-	-	-	-	-	37,353	37,353
Other comprehensive income for the financial year	22	-	-	7,297	-	-	-	7,297
Total comprehensive income for the financial year		-	-	7,297	-	-	37,353	44,650
Interim dividends paid	32	-	-	-	-	-	(24,617)	(24,617)
At 31 December 2017		273,518	304,354	9,311	-	-	164,987	478,652
At 1 January 2016		292,693	292,693	11,661	(509)	(444)	12,084	315,994
Profit for the financial year	22	-	-	-	-	-	275,953	275,953
Other comprehensive income for the financial year	22	-	-	2,014	-	-	-	2,014
Total comprehensive income for the financial year		-	-	2,014	-	-	275,953	277,967
Shares buy-back		-	-	-	(18,666)	(17,617)	-	(17,617)
Cancellation of treasury shares		(19,175)	(19,175)	19,175	19,175	18,061	(18,061)	-
Interim dividends paid	32	-	-	-	-	-	(117,725)	(117,725)
At 31 December 2016		273,518	273,518	32,850	-	-	152,251	458,619

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

	Note	GROUP 2017 RM'000	GROUP Restated 2016 RM'000
OPERATING ACTIVITIES			
Profit/(loss) for the financial year from continuing operations		26,344	(20,399)
Adjustment for:			
Investment income	24	(15,190)	(11,199)
Realised gains	25	(2,831)	(225)
Fair value losses/(gains)	26	8,308	(2,090)
Present value adjustment on Retained Consideration	28	(1,841)	5,800
Other income arising from settlement with other receivables	28	(20,000)	-
Reserve arising from business combination	28	(10,025)	-
Gain on remeasurement of previously held equity interest in an associate	28	(1,666)	-
Loss on deconsolidation of subsidiaries	28	682	-
Share of profit of associates		(7,636)	(3,711)
Tax expense	30	2,284	66
Purchases of financial assets		(139,355)	(3,070)
Proceeds from disposal of financial assets		100,919	1,763
Depreciation of property, plant and equipment	29	954	828
Property, plant and equipment written off	28	196	61
Allowance for impairment loss on property, plant and equipment	28	-	12
Amortisation of leases	29	1	2
Amortisation of intangible assets	29	70	86
Intangible assets written off	28	-	1
Write back of impairment loss on loans and receivables	28	(2)	(6)
Allowance for impairment loss on other receivables	29	44	1,407
Write back of impairment loss on insurance receivables	29	(95)	-
Realised foreign exchange loss	28	1,701	-
Unrealised foreign exchange (gain)/loss	28	(130)	598
Changes in working capital:			
Decrease in loans and receivables		271	181
Increase in reinsurance assets		(3,389)	-
Decrease in insurance receivables		3,664	-
Increase in deferred acquisition costs		(1,161)	-
Decrease/(increase) in trade and other receivables		22,687	(15,672)
Increase in insurance contract liabilities		17,506	-
Decrease in insurance payables		(25)	-
Decrease in deferred reinsurance commission		(806)	-
Increase/(decrease) in trade and other payables		1,302	(6,840)
Cash used in operating activities		(17,219)	(52,407)
Investment income received		16,565	10,765
Income tax paid		(1,545)	(74)
Income tax refund		60	153
Net cash used in operating activities (continuing operations)		(2,139)	(41,563)
Net cash generated from operating activities (discontinued operations)		-	71,501

		GROUP	
			Restated
	Note	2017	2016
		RM'000	RM'000
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	4	(784)	(969)
Proceeds from disposal of property, plant and equipment		173	335
Addition from subsequent expenditure of investment properties	5	(6,245)	(267)
Purchase of intangible assets	6	(97)	(392)
Decrease/(increase) in fixed and call deposits		27,162	(114,000)
Net cash outflow from business combination	34(f)	(5,004)	-
Net cash outflow from deconsolidation of subsidiaries	36(a),(b)	(737)	-
Net cash outflow from disposal of discontinued operations, net of transaction costs, deferred consideration and cash disposed	35(a),(b)	-	11,919
Net cash generated from/(used in) investing activities (continuing operations)		14,468	(103,374)
Net cash used in investing activities (discontinued operations)		-	(499)
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(17,617)
Dividends paid	32	(24,617)	(117,725)
Net cash used in financing activities (continuing operations)		(24,617)	(135,342)
Net decrease in cash and cash equivalents (continuing operations)		(12,288)	(280,279)
Net increase in cash and cash equivalents (discontinued operations)		-	71,002
Currency translation differences		(3,560)	9,106
Cash and cash equivalents at beginning of financial year		157,074	357,245
Cash and cash equivalents at end of financial year	16	141,226	157,074

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

		COMPANY	
	Note	**2017**	**2016**
		RM'000	**RM'000**
OPERATING ACTIVITIES			
Profit for the financial year		37,353	275,953
Investment income	24	(9,659)	(12,185)
Realised gains	25,31	(29)	(289,412)
Fair value losses	26	8,090	-
Present value adjustment on Retained Consideration	28	(1,841)	5,800
Other income arising from settlement with other receivables	28	(20,000)	-
Write back of impairment loss on investments in subsidiaries	28	(377)	-
(Write back of)/allowance for impairment loss on amounts due from subsidiaries	28	(32,714)	6,507
Allowance for impairment loss on other receivables	29	44	1,700
Realised foreign exchange loss	28	2,038	-
Unrealised foreign exchange loss/(gain)	28	195	(11,755)
Depreciation of property, plant and equipment	29	432	439
Property, plant and equipments written off	28	18	18
Amortisation of intangible assets	29	56	71
Tax (income)/expenses	30	(31)	78
Changes in working capital:			
Decrease/(increase) in loans and receivables		6	(3)
(Increase)/decrease in trade and other receivables		(797)	652
Increase in trade and other payables		155	2,060
Cash used in operating activities		(17,061)	(20,077)
Investment income received		8,352	9,351
Net cash used in operating activities		(8,709)	(10,726)
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	4	(171)	(421)
Proceeds from disposal of property, plant and equipment		3	43
Purchase of intangible assets	6	-	(200)
Addition from subsequent expenditure of investment properties	5	(6,115)	-
Increase in investment in a subsidiary		(62,400)	(27,000)
Repayment of advances due from subsidiaries		63,471	761
Purchase of equity securities		(28,424)	(3,070)
Proceeds from disposal of equity securities		708	-
Decrease/(increase) in fixed and call deposits		33,000	(113,429)
Proceeds from disposal of a subsidiary	35(a)(ii)	-	270,649
Net cash generated from investing activities		72	127,333

		COMPANY	
	Note	2017	2016
		RM'000	RM'000
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(17,617)
Dividends paid		(24,617)	(117,725)
Net cash used in financing activities		(24,617)	(135,342)
Net decrease in cash and cash equivalents		(33,254)	(18,735)
Cash and cash equivalents at beginning of financial year		139,224	157,959
Cash and cash equivalents at end of financial year	16	105,970	139,224

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

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

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 ("Bursa Securities").

The Company is principally engaged in investment holding and providing management services, whilst the principal activities of the subsidiaries are 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 disclosed in Note 46 to the financial statements.

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 12 April 2018.

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 of 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 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale ("AFS") financial assets and financial assets at fair value through profit or loss ("FVTPL").

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 period. 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.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

The discontinued operations for the financial year ended 31 December 2016 represent MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad) and MAA Cards Sdn Bhd ("MAA Cards"), subsidiaries which were disposed during that year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective

Effective from financial year beginning on or after 1 January 2018

- Amendments to MFRS 140 'Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties' clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.

  The amendments also clarify the same principle applies to assets under construction.

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

  If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- 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 ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"). 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 FVTPL with an irrevocable option at inception to present changes in fair value in other comprehensive income (provided the instrument is not held for trading). A debt instrument is measured at AC 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 changes are:

  - For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to other comprehensive income. There is no subsequent recycling to profit or loss.

  - When a financial liability measured at AC is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (continued)

Effective from financial year beginning on or after 1 January 2018 (continued)

- MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement' (continued)

  The Group have reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

  - The Group's debt instruments currently classified as AFS will satisfy the conditions for classification at AC and at FVOCI respectively. For debt instruments classified at FVOCI, there will be no change to the accounting for these assets under MFRS 9. For debt instruments classified at AC, their fair value of RM3,731,000 will be deemed to be the starting amortised cost for these assets as at 1 January 2018 and there will therefore be no impact on retained earnings from the reclassification.

  - The Group's equity investments currently classified as AFS and at FVTPL respectively. Equity instruments currently measured at FVTPL will continue to be measured on the same basis under MFRS 9. For equity instruments classified from current AFS to FVTPL under MFRS 9, the related fair value gains of RM13,833,000 will have to be transferred from the AFS reserve to retained earnings on 1 January 2018. For other equity instruments classified from current AFS to FVOCI as elected under MFRS 9, the measurement of these financial assets will not be affected; however the gains or losses realised on the sale of these financial assets will no longer be transferred to profit or loss on sale, but instead reclassified from the FVOCI reserve to retained earnings.

  - The Group's unit trust investments currently classified as FVTPL will continue to be measured on the same basis under MFRS 9.

  - There will be no impact on the Group's other financial assets that include insurance receivables, trade and other receivables, cash and bank balances and fixed and call deposits held with licensed banks as these assets will continue to be measured on the same basis at AC under MFRS 9.

  - There will be no impact on the Group's accounting for financial liabilities, as the new MFRS 9 requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities.

  - The new hedge accounting rules under MFRS 9 will not affect the Group as it does not have hedge instruments.

  - The new impairment model under MFRS 9 requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at AC, debt instruments measured at FVOCI, contract assets under MFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects an increase in the loss allowance for debt instruments, cash and bank balances and fixed and call deposits with licensed banks and insurance receivables by approximately RM1,007,000 in total.

  - MFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosure about its financial instruments particularly in the year of the adoption of the new standard.

  The Group will apply the new rules under MFRS 9 retrospectively from 1 January 2018, with the practical expedients permitted under the standard and the comparatives for 2017 will not be restated.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (continued)

Effective from financial year beginning on or after 1 January 2018 (continued)

- MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement' (continued)

Classification and Measurement

Based on the assessment conducted, the financial assets held by the Group as at 31 December 2017 will be reclassified to the following classifications:

	MFRS 139		MFRS 9	
	Classification	**Value**	**Classification**	**Value**
		RM'000		**RM'000**
Financial Assets				
Investments in Government debt securities	AFS	49,065	AC	11,373
			FVOCI	39,424
Investments in Corporate debt securities	AFS	49,016	AC	47,026
			FVOCI	3,988
Investments in Equity securities	FVTPL	17,267	FVTPL	105,981
	AFS	112,667	FVOCI	23,953
Investments in Unit trusts	FVTPL	2,043	FVTPL	2,043
Fixed and call deposits with licensed banks	Loans and receivables ("LAR")	214,539	AC	214,451
Insurance receivables	LAR	44,322	AC	44,322
Trade and other receivables	LAR	97,591	AC	97,591
Cash and bank balances	LAR	32,176	AC	32,176
Total		618,598		622,329

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (continued)

Effective from financial year beginning on or after 1 January 2018 (continued)

- MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement' (continued)

Impairment of Financial Assets

The Group has estimated that the application of MFRS 9 impairment requirements as at 1 January 2018 as follows:

	MFRS 139	MRFS 9	
	Provision for impairment loss as at 31 December 2017	**ECL as at 1 January 2018**	**Additional impairment loss to be recognised from the adoption of MFRS 9**
	RM'000	**RM'000**	**RM'000**
Financial Assets			
Investments in Government debt securities	-	55	55
Investments in Corporate debt securities	-	420	420
Fixed and call deposits with licensed banks	-	58	58
Insurance receivables	1,770	2,171	401
Cash and bank balances	-	73	73
	1,770	2,777	1,007

Estimated impact of the adoption of MFRS 9

The estimated impact from the adoption of MFRS 9 on the Group's equity as at 1 January 2018 disclosed below is based on the assessment undertaken to date and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group:

	As reported as at 31 December 2017	**Estimated adjustments due to the adoption of MFRS 9**	**Estimated adjusted opening balance as at 1 January 2018**
	RM'000	**RM'000**	**RM'000**
Equity			
Retained earnings	259,140	12,826	271,966
Reserves			
AFS reserves	10,044	(10,039)	5
	269,184	2,787	271,971

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (continued)

Effective from financial year beginning on or after 1 January 2018 (continued)

- MFRS 15 'Revenue from contracts with customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. 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.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:

  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

  Key provisions of the new standard are as follows:

  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

- Amendments to MFRS 4 – Applying MFRS 9 'Financial Instruments' with MFRS 4 'Insurance Contracts'

  The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 'Financial Instruments' before the forthcoming new insurance contracts standard. This is because certain financial assets have to be measured at FVTPL under MFRS 9; whereas, under MFRS 4 'Insurance Contracts', the related liabilities from insurance contracts are often measured on AC basis.

  The amendments provide 2 different approaches for entities: (i) a temporary exemption from MFRS 9 for entities that meet specific requirements; and (ii) the overlay approach. Both approaches are optional.

  The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

  An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

  The Group has opted not to apply the exemptions permitted under this Amendment and will fully adopt MFRS 9 when it becomes effective on 1 January 2018.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (continued)

Effective from financial year beginning on or after 1 January 2019

- MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interests are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 9 'Prepayment features with negative compensation' allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 'Joint Arrangements' clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  - Amendments to MFRS 112 'Income Taxes' clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

    Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (continued)

Effective from financial year beginning on or after 1 January 2021

- MFRS 17 'Insurance Contracts' replaces MFRS 4 'Insurance Contracts'

  MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 'Revenue'. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

  MFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in profit or loss or in other comprehensive income.

  Alternative measurement models are provided for the different insurance coverages:

  a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less
  b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items

  The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

  Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

  The Group has not fully assessed the impact of MFRS 17 on its financial statements.

Effective date yet to be confirmed by MASB

- Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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, except as mentioned above under MFRS 9 "Financial Instruments".

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 interest's proportionate share of the acquiree's identifiable net assets.

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

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 remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

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 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 statement of profit or loss, 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 consolidate a subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. This fair value becomes 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 profit or loss.

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

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. This is generally the case where the Group holds 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 profit or loss, 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 other long-term interests 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 on 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 recognised the amount of impairment loss as the difference between the recoverable amount of the associate and its carrying value and presents the impairment loss adjacent to 'share of profit/(loss) of an associate' in profit or loss.

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

When the Group ceases to equity account for 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 profit or loss. 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 recognised 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 profit or loss.

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

Dilution gains and losses arising in investment in associates are recognised in profit or loss.

2.3 Investments in subsidiaries and associates in separate financial statements

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). The impairment loss is recognised in profit or loss.

On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currencies

(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 financial statements are presented in Ringgit Malaysia ("RM"), which is the Company'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 when items are remeasured. 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 profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cashflow or are attributable to items that form part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as AFS are analysed between translation differences resulting from changes in the AC of the security and other changes in the carrying amount of the security. Translation differences related to changes in AC are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as AFS, are included in other comprehensive income.

(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 statement of profit or loss and statement of comprehensive income 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 as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions 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 joint venture 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 profit or loss, as part of the gain or loss on disposal.

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 profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment ("PPE")

(a) Cost

PPE are initially recorded 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 accumulated 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 in Note 2.18 to the financial statements on borrowings).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group/Company 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 profit or loss during the financial period in which they are incurred.

(b) Depreciation and residual value

Depreciation is calculated using the straight line method to allocate the cost or the revalued amounts to their residual values over their estimated useful lives.

Assets under construction are not depreciated until they are ready for their intended use. Leasehold land is amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is lower than the leasehold period.

The annual depreciation rates are as follows:

Leasehold land	Over the remaining leasehold period
Furniture, fittings and equipment	10% - 20%
Motor vehicles	10% - 20%
Renovation	10% - 20%
Office buildings	20 years

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 period, the Group/Company 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 amount and are included in profit or loss.

(e) Revaluation reserve

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, net of tax. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same assets are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset in the revaluation surplus reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation reserve to retained earnings.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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/Company.

Investment properties are initially stated at cost including related transaction costs 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 who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under market conditions.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Gains or losses arising from changes in fair values of investment properties are recognised in profit or loss 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 sale proceeds and the carrying amount is recognised in profit or loss 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 profit or loss. Upon the disposal of such investment property, any surplus previously recorded in asset revaluation reserve is transferred to profit or loss.

Where the Group/Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

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.

Costs associated with maintaining computer software programmes are recognised as expenses when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and the Company, 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 over their estimated useful lives, ranging between 5 to 10 years.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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 profit or loss 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 profit or loss 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 amount will be recoverable principally through a sale transaction rather than through continuing use and the sale is considered highly probable. They are stated at the lower of carrying amount and fair value 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 discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.11 Financial assets

(a) Classification

The Group/Company 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 ("LAR") 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/Company classifies financial assets at FVTPL if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading.

Financial assets at FVTPL are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

HTM financial assets

HTM financial assets are non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of HTM financial assets, the whole category will be tainted and reclassified as AFS.

HTM financial assets are classified as non-current assets, except for those maturing within 12 months after the end of the reporting date, which are classified as current.

LAR

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market but do not include insurance receivables.

LAR are classified as current assets, except for those with collection amounts expected later than 12 months after the end of the reporting date which are classified as non-current.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated as available for sale or not classified in any of the other categories.

AFS financial assets are classified as non-current assets unless the investments mature or management intends to dispose of the investments within 12 months after the end of the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(b) Recognition and initial measurement

Regular purchases or sales of financial assets are recognised on the trade date, the date on which the Group/ the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at FVTPL. Financial assets at FVTPL are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(c) Subsequent measurement – gains and losses

AFS financial assets and financial assets at FVTPL are subsequently carried at fair value. LAR and HTM financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets at FVTPL, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair values of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy in Note 2.11(d) to the financial statements) and foreign exchange gains and losses on monetary assets (see accounting policy in Note 2.5(b) to the financial statements).

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

(d) Subsequent measurement – impairment of financial assets

Assets carried at AC

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

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

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

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

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 profit or loss, 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

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

AFS financial assets

The Group/Company assesses at the end of the reporting date whether there is objective evidence that an AFS financial asset or group of financial assets 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.

For debt securities, the Group/Company uses criteria and measurement of impairment loss applicable for "assets carried at AC" above. 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 recognized in profit or loss, the impairment loss is reversed through profit or loss.

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 to profit or loss. The amount of cumulative loss reclassified to profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as AFS are not subsequently reversed through profit or loss in subsequent periods.

The impairment loss is reversed through profit or loss, 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 profit or loss.

(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 other comprehensive income are reclassified to profit or loss.

2.12 Financial instruments

Description

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

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

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

Recognition method

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

Determination of fair value

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. 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.

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 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 profit or loss.

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)

2.14 Insurance receivables

Insurance receivables are recognised on policy inception dates and measured on initial recognition at the fair value of the consideration received or receivable for the period of coverage. Subsequent to initial recognition, insurance receivables are measured at amortised cost.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Group gathers the objective evidence that an insurance 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 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.

2.15 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 of the amount 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 value and subsequently measured at amortised costs using the effective interest method, less allowance for impairment. See accounting policy in Note 2.9 on impairment of non-financial assets.

2.16 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 profit or loss on a straight line basis over the lease period.

2.17 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 effective interest rate method.

2.18 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 profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within 'other income/finance cost'.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Contingent assets and liabilities

The Group/Company does not recognise contingent assets and liabilities other than those arising from business combinations, 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 the occurrence or non-occurrence of one or more 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 the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group/Company. The Group/Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

2.21 Provisions

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

Provisions are reviewed at each date of the statement of financial position 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.

2.22 Employee benefits

<u>Short-term employee benefits</u>

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.

<u>Post-employment benefits</u>

The Group and the Company have post-employment benefit schemes for eligible employees, which are either defined contribution or defined benefit 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") on a mandatory basis, 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.

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

<u>Defined contribution plans</u>

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

Defined benefit plans

The net defined benefit liability or asset recognised in the statement of financial position in respect of defined benefits pension plans is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

2.23 Other financial liabilities and insurance payables

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

A financial liability and an insurance 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 profit or loss.

2.24 Trade and other payables

These amounts represent liabilities for good and services provided to the Group/Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Share capital

(a) Classification

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

(b) Share issue expenses

Incremental costs directly attributed to the issue of the new shares are deducted against equity.

(c) Dividend distribution

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

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

2.26 Treasury shares

When the Company re-purchases its own equity shares as a result of a share buy-back arrangement, 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. Repurchased shares are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss 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 sale consideration and the carrying amount is 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 General insurance subsidiary issues contracts that transfer insurance risk.

Insurance contracts are those contracts under which the General insurance subsidiary accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the General insurance subsidiary determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variables.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or has expired.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Reinsurance

The General insurance subsidiary cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the related reinsurance contracts.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the General insurance subsidiary may not receive all outstanding amounts under the terms of the contract and the event has a reliably measurable impact on the amounts that the General insurance subsidiary will receive from the reinsurer. The impairment loss is recognised in profit or loss.

Ceded reinsurance arrangements do not relieve the General insurance subsidiary from its obligations to policyholders.

The General insurance subsidiary also assumes reinsurance risk in the normal course of business for insurance contract. Premiums and claims on assumed reinsurance are recognised in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

When the General insurance subsidiary enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the General insurance subsidiary initially recognises a liability at transaction price. Subsequent to initial recognition, the portion of the amount initially recognised as a liability which is presented as ‘Insurance payables’ in the liabilities section of the statement of financial position will be withheld and recognised as funds held for reinsurers and included as part of the ‘Insurance payables’ in the liabilities section of the statement of financial position. The amount withheld is generally released after a year. Funds held by ceding companies are accounted for in the same manner.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 General insurance underwriting results

The General insurance underwriting results are determined for each class of business after taking into accounts reinsurances, commissions, unearned premium reserves and claims incurred.

Premium income

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from on past experience and are included in premiums written.

Premiums from short-duration insurance contracts are recognised as revenue over the period of the contracts using the 24th method for all classes of business. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period is accounted for as 'Provision for unearned premiums' and presented as part of Insurance contract liabilities in the liabilities section of the statements of financial position. The related reinsurance premiums ceded that pertains to the unexpired periods at the end of reporting period are accounted for as 'Deferred reinsurance premiums' and shown as part of reinsurance assets presented in the assets section of the statements of financial position. The net changes in these accounts between reporting periods are included in the determination of net insurance revenue.

Premium receivables represent the outstanding balance or premiums due from the insured or policyholders, or those premiums that were collected by agents or brokers on behalf of the General insurance subsidiary.

Reinsurance premiums

Gross reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Commission income

Commissions earned from short-duration insurance contracts are recognised as revenue over the period of the contracts using the 24th method for all classes of business. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period is accounted for as 'Deferred reinsurance commissions' and presented in the liabilities section of the statement of financial position.

Benefits and Claims

Gross benefits and claims consists of benefits and claims paid to policyholders, which includes changes in the valuation of Insurance contract liabilities, except for changes in the provision for unearned premiums which are recorded in net earned premiums. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered. General insurance claims are recorded on the basis of notifications received.

Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, and income derived from reinsurers in the course of premiums to reinsurers, are charged to profit or loss in the period in which they are incurred or deferred where appropriate.

Deferred acquisition costs ("DAC")

Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognised as expense when incurred.

Subsequent to initial recognition, these costs are amortised on a straight-line basis using the 24th method over the life of the contract. Amortisation is recognised as 'Commission expenses' in profit or loss. The unamortised acquisition costs are shown as 'Deferred acquisition costs' in the assets section of the statement of financial position.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is recognised in profit or loss. DAC is also considered in the liability adequacy test at each end of the reporting period.

DAC is derecognised when the related contracts are settled or disposed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Insurance Contact Liabilities

Insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities comprise provision for unearned premiums and provision for outstanding claims.

Provision for unearned premiums ("UPR")

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired, is deferred as 'Provision for unearned premiums' in the liability section of the statements of financial position. UPR is calculated based on the 24th method for all classes of business, on a gross of reinsurance basis. For policies with policy duration less than one (1) year or more than one (1) year, the UPR shall consider the actual unearned premium from the date of valuation to the date of termination of the policy. Premiums from short-duration insurance contracts are recognised as revenue over the period of the contracts using the 24th method for all classes of business. 'Gross change in provision for unearned premiums' account is taken to profit or loss in order that revenue is recognised over the period of risk.

Claims Provision and Incurred But Not Reported ("IBNR") Losses

These liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period together with related claims 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 which cannot be known with certainty at the end of the reporting period. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques and current assumptions that may include margin for adverse deviation. The liability is not discounted for the time value of money and includes provision for IBNR losses. The liability is derecognised when the contract is discharged, cancelled or has expired.

Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed, to ensure the adequacy of insurance contract liabilities, net of related DAC assets. In performing the test, current best estimates of future cash flows, claims handling and policy administration expenses are used. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy is immediately charged to the profit or loss by establishing an unexpired risk provision for losses arising from the liability adequacy tests. The provision for unearned premiums is increased to the extent that the future claims and expenses in respect of current insurance contracts exceed future premiums plus the current provision for unearned premiums.

2.31 Other revenue recognition

Interest income

Interest income for financial assets that are not classified as FVTPL is recognised using the effective interest rate method. When a financial asset 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 financial asset and continues unwinding the discount as interest income.

Other interest income includes 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.

Rental income

Rental income from investment properties are recognised in profit or loss on accrual basis.

Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

Other fee income

Management, consultancy and advisory, educational and card services fees are recognised in profit or loss when the services are provided.

Realised gains and losses on investments

Realised gains and losses on investments recorded in profit or loss 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Current and deferred income tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

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

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related 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 future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits 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.

The Group presumed investment property measured at fair value will be recovered entirely through sale. Accordingly, deferred tax assets or liabilities arising on such investment property are measured at the tax rate applicable when the Group sells the property.

2.33 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

No diluted EPS is disclosed in these financial statements as there are no potential dilutive ordinary shares.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Critical accounting estimates and assumptions

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

(i) Present Value Adjustment to Remaining Sale Consideration for the Disposal of MAA Takaful

Under the conditional share purchase agreement for the disposal of MAA Takaful, the remaining RM93.75 million sale consideration ("Retained Consideration") will be paid on the third anniversary date from the disposal completion date.

Taking into account time value of money, the management has discounted the Retained Consideration using Zurich Insurance Company Ltd's average cost of debt after taxation at 2.50% per annum as at 30 June 2017 as the discount rate over the remaining period of 1.5 years from financial year ended 31 December 2017 to the third anniversary date of disposal, 30 June 2019. The resulting effect is a reduction of the present value adjustment ("PV Charge") from RM5.8 million as at 31 December 2016 to RM4.0 million as at 31 December 2017. The reduction of RM1.8 million in the PV Charge has been recognised under 'Other operating income/(expenses)-net' in profit or loss of the Company for the financial year ended 31 December 2017.

(ii) Valuation of insurance contract liabilities

For the General insurance subsidiary, estimates are made for the expected ultimate cost of claims and the expected ultimate cost of IBNR at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR form the majority of the claims provision. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

The IBNR is calculated based on standard actuarial projection techniques or combination of such techniques. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

As at 31 December 2017, the carrying values of provision for outstanding claims and IBNR of the General insurance subsidiary amounted to RM79,979,000 and RM10,184,000 respectively.

(iii) Impairment of insurance receivables

The General insurance subsidiary reviews its insurance receivables at each end of the reporting period to assess the reasonableness of allowance for impairment losses recognised in the statement of profit or loss. The level of the allowance is evaluated by management based on factors that affect the collectability of the accounts. These factors include, but are not limited to age of balances, financial status of counterparties, payment behaviour and known market factors. The General insurance subsidiary reviews the age and status of receivables, and identifies accounts that are to be provided with impairment allowance on a regular basis.

In addition to specific impairment allowance against individually significant receivables, the General insurance subsidiary also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific impairment allowance, have a greater risk of default than when originally granted.

The amount and timing of recorded expenses for any period would differ if the General insurance subsidiary made different judgments or utilised different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income.

Insurance receivables of the General insurance subsidiary, net of allowance for impairment losses, amounted to RM44,322,000 as at 31 December 2017.

(iv) Estimation of retirement benefit liability

For the General insurance subsidiary, the cost of defined retirement benefit obligation and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the long-term nature of the retirement benefit plan, such estimates are subject to significant uncertainty.

The discount rates used were determined using the market yields of Philippines government bonds with terms consistent with the expected employee benefit payout as at statement of financial position date. Future staff salary increases are based on historical annual merit, market and promotional increase and expected future inflation rates.

The key assumptions in determining the present value of the defined retirement benefit obligation of the General insurance subsidiary is disclosed in Note 20 to the statement of financial statements.

As at 31 December 2017, retirement benefit liability stood at RM559,000 with retirement benefit costs of RM356,000 recognised in statement of profit or loss.

4 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2016	178	-	22,746	3,222	4,883	1,015	32,044
Additions	-	-	692	160	239	-	1,091
Disposals	-	-	(158)	(543)	(14)	(1,015)	(1,730)
Written off (Note 28 and 31(g))	-	-	(1,914)	-	(180)	-	(2,094)
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	-	(17,631)	(398)	(2,625)	-	(20,654)
At 31 December 2016 / 1 January 2017	178	-	3,735	2,441	2,303	-	8,657
Arising from business combination (Note 34(c))	-	842	2,129	1,139	685	-	4,795
Additions	-	-	370	243	171	-	784
Disposals	-	-	(1,147)	(665)	(1)	-	(1,813)
Written off (Note 28)	-	-	(320)	-	(230)	-	(550)
Currency translation differences	-	(50)	(130)	(61)	(41)	-	(282)
At 31 December 2017	178	792	4,637	3,097	2,887	-	11,591

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

GROUP

	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
Accumulated depreciation	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2016	4	-	12,634	1,905	1,917	127	16,587
Depreciation for the financial year (Note 29 and 31(h))	-	-	1,473	263	375	-	2,111
Amortisation for the financial year (Note 29)	2	-	-	-	-	-	2
Disposals	-	-	(109)	(533)	(6)	(127)	(775)
Written off (Note 28 and 31(g))	-	-	(1,837)	-	(180)	-	(2,017)
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	-	(9,751)	(229)	(1,013)	-	(10,993)
At 31 December 2016 / 1 January 2017	6	-	2,410	1,406	1,093	-	4,915
Arising from business combination (Note 34(c))	-	247	1,640	735	659	-	3,281
Depreciation for the financial year (Note 29)	-	27	431	250	246	-	954
Amortisation for the financial year (Note 29)	1	-	-	-	-	-	1
Disposals	-	-	(1,099)	(588)	-	-	(1,687)
Written off (Note 28)	-	-	(296)	-	(58)	-	(354)
Currency translation differences	-	(16)	(101)	(31)	(39)	-	(187)
At 31 December 2017	7	258	2,985	1,772	1,901	-	6,923

4 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment loss							
At 1 January 2016	44	-	-	-	-	838	882
Impairment loss for the financial year (Note 28)	12	-	-	-	-	-	12
Disposals	-	-	-	-	-	(838)	(838)
At 31 December 2016/ 1 January 2017/ 31 December 2017	56	-	-	-	-	-	56
Net book value							
At 31 December 2016	116	-	1,325	1,035	1,210	-	3,686
At 31 December 2017	115	534	1,652	1,325	986	-	4,612

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 2016	1,342	2,052	774	4,168
Additions	416	5	-	421
Disposals	(51)	(523)	-	(574)
Written off (Note 28)	(29)	-	-	(29)
At 31 December 2016 / 1 January 2017	1,678	1,534	774	3,986
Additions	171	-	-	171
Disposals	(121)	-	-	(121)
Written off (Note 28)	(46)	-	-	(46)
At 31 December 2017	1,682	1,534	774	3,990
Accumulated depreciation				
At 1 January 2016	695	1,259	308	2,262
Depreciation for the financial year (Note 29)	208	153	78	439
Disposals	(21)	(523)	-	(544)
Written off (Note 28)	(11)	-	-	(11)
At 31 December 2016 / 1 January 2017	871	889	386	2,146
Depreciation for the financial year (Note 29)	202	153	77	432
Disposals	(110)	-	-	(110)
Written off (Note 28)	(28)	-	-	(28)
At 31 December 2017	935	1,042	463	2,440
Net book value				
At 31 December 2016	807	645	388	1,840
At 31 December 2017	747	492	311	1,550

5 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	19,824	19,356	-	-
Transferred from other receivables (Note 15(b))	31,500	-	31,500	-
Addition from subsequent expenditure	6,245	267	6,115	-
Fair value (losses)/gains – net (Note 26)	(8,089)	2,011	(7,925)	-
Currency translation differences	502	(1,810)	-	-
At 31 December	49,982	19,824	29,690	-
Comprising:				
Leasehold land and buildings	49,982	19,824	29,690	-

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 gains/losses are recorded in profit or loss.

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 other than quoted price included within Level 1 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		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Level 2	49,982	19,824	29,690	-

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 Group's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period. There was no transfer during the financial year ended 31 December 2017.

5 INVESTMENT PROPERTIES (continued)

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

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
Rental income (Note 24)	301	248
Direct operating expenses of investment properties (Note 29)		
- Caretaker fees	(25)	(82)
- Staff salaries	(138)	(103)
- Utilities	(91)	(91)
- Repair and maintenance	(180)	(248)
- Valuation fees	(8)	(7)
- Property management service fees	(24)	(19)
- Taxes and others	(27)	(53)
	(493)	(603)

6 INTANGIBLE ASSETS

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	985	13,520	621	583
Arising from business combination (Note 34(c))	73	-	-	-
Additions	97	769	-	200
Written off (Note 28 and 31(g))	-	(547)	-	(162)
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	(12,757)	-	-
Currency translation differences	(4)	-	-	-
At 31 December	1,151	985	621	621
Accumulated amortisation				
At 1 January	491	9,949	438	529
Amortisation for the financial year (Note 29 and 31(g))	70	717	56	71
Written off (Note 28 and 31(g))	-	(163)	-	(162)
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	(10,012)	-	-
At 31 December	561	491	494	438
Net carrying amount	590	494	127	183

Intangible assets comprise computer software. Computer software consists mainly of development costs and costs that are directly associated with identifiable software systems controlled by the Group and the Company, that do not form the integral part of the hardware, and that will generate economic benefits exceeding costs beyond one year.

7 SUBSIDIARIES

	COMPANY	
	31.12.2017	31.12.2016
	RM'000	RM'000
Investments in subsidiaries, at cost	241,628	179,228
Less: Accumulated impairment loss	(126,628)	(127,005)
	115,000	52,223

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

At 1 January	127,005	127,005
Write back of impairment loss (Note 28)	(377)	-
At 31 December	126,628	127,005

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	31.12.2017 Group's effective interest	31.12.2017 Non-controlling interests	31.12.2016 Group's effective interest	31.12.2016 Non-controlling interests	Principal activities
		%	%	%	%	
MAA Corporation Sdn Bhd ("MAA Corp")	Malaysia	100	-	100	-	Providing property management services and investment holding
Subsidiaries of MAA Corp						
MAA-Medicare Sdn Bhd	Malaysia	100	-	100	-	Operation of charitable kidney dialysis centres
MAA Credit Berhad	Malaysia	100	-	100	-	Money lending, hire purchase and other credit activities
MAA International Group Ltd ("MAAIG") (formerly known as 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

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	31.12.2017 Group's effective interest	31.12.2017 Non-controlling interests	31.12.2016 Group's effective interest	31.12.2016 Non-controlling interests	Principal activities
		%	%	%	%	
Subsidiaries of MAA Corp (continued)						
MAA Corporate Advisory Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services
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	-	Property investment, development and other related services
# MaaxSite Sdn Bhd	Malaysia	100	-	100	-	E-Commerce and E-Business
# MaaxClub Sdn Bhd	Malaysia	100	-	100	-	Dormant
# Kasturi Academia Sdn Bhd ("Kasturi")	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres and investment holding
Subsidiary of MAAIG						
#MAA General Assurance Philippines, Inc. ("MAAGAP")(1)	Philippines	99	1	-	-	General insurance business
Subsidiaries of MAA International Investments Ltd						
# MAA Mutualife Philippines, Inc.	Philippines	100	-	100	-	Inactive
# Columbus Capital Singapore Pte Ltd	Singapore	100	-	100	-	Investment holding
Subsidiary of MAA International Corporation Ltd						
# MAA Corporate & Compliance Philippines, Inc.(2)	Philippines	-	-	100	-	Inactive

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

		31.12.2017		31.12.2016		
Name of company	**Country of incorporation**	**Group's effective interest**	**Non-controlling interests**	**Group's effective interest**	**Non-controlling interests**	**Principal activities**
		%	%	%	%	
Subsidiary of MAA Corp and MAA Credit Berhad						
[#] Keris Murni Sdn Bhd[(3)]	Malaysia	-	-	100	-	Investment holding
Subsidiaries of Kasturi						
[#] Pelangi Tegas Sdn Bhd[(3)]	Malaysia	-	-	100	-	Inactive
[#] Indopelangi Sdn Bhd	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres
Subsidiaries of Keris Murni Sdn Bhd						
[#] Genting Mutiara Sdn Bhd[(3)]	Malaysia	-	-	100	-	Inactive
[#] Jaguh Suria Sdn Bhd[(3)]	Malaysia	-	-	100	-	Inactive

[#] Subsidiaries not audited by PricewaterhouseCoopers PLT.

[(1)] As disclosed in Note 46(d) to the financial statements, MAAGAP became a subsidiary of the Group on 19 April 2017.

[(2)] Dissolved during the financial year.

[(3)] Under shareholders' voluntary liquidation during the financial year.

7 SUBSIDIARIES (continued)

Details of the Group's subsidiary, namely MAAGAP that has NCI is as follows:

As at 31 December 2017

NCI percentage of ownership interest and voting interest	1%
	RM'000
Carrying amount of NCI	3,300

Set out below is the summarised financial information for MAAGAP:

Summarised statement of financial position as at 31 December 2017

	RM'000
Non-current assets	1,627
Current assets	290,865
Current liabilities	(203,623)
Net assets	88,869

Summarised statement of profit or loss and statement of comprehensive income for financial year ended 31 December 2017

	RM'000
Operating revenue	152,572
Profit before taxation	15,625
Taxation	(3,423)
Profit for the financial year	12,202
Other comprehensive income for the financial year	764
Total comprehensive income for the financial year	12,966

Summarised statement of cash flows for financial year ended 31 December 2017

	RM'000
Cash flows generated from/(used in):	
Operating activities	25,452
Investing activities	(48,433)
Financing activities	(14)
Net decrease in cash and cash equivalents	(22,995)
Cash and cash equivalents at beginning of financial year	47,458
Cash and cash equivalents at end of financial year	24,463

8 ASSOCIATES

	GROUP		COMPANY	
	31.12.2017	Restated 31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	55,528	71,997	100	100
Less: Accumulated impairment loss	(281)	(7,651)	(100)	(100)
	55,247	64,346	-	-
Share of post-acquisition (loss)/profit	(2,787)	3,246	-	-
Share of other comprehensive loss	-	(1,254)	-	-
	52,460	66,339	-	-

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

	GROUP		COMPANY	
	31.12.2017	Restated 31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	7,651	7,651	100	100
Reclassed to subsidiary pursuant to business combination	(6,410)	-	-	-
Associate written off	(960)	-	-	-
At 31 December	281	7,651	100	100

8 ASSOCIATES (continued)

Details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 31.12.2016	Group's effective interest 31.12.2015	Principal activities
		%	%	
MAA Bancwell Trustee Berhad	Malaysia	49	49	Inactive
Associate of MAA Corp				
Meridian Asset Management Holdings Sdn Bhd[1]	Malaysia	-	40	Investment holding
Associate of MAAIG				
MAAGAP [2]	Philippines	-	40	General insurance business
Associate of Columbus Capital Singapore Pte Ltd				
Columbus Capital Pty Limited ("CCA")	Australia	48	48	Retail mortgage lending and loan securitisation

[1] Under shareholders' voluntary winding up during the financial year.

[2] As disclosed in Note 46(d) to the financial statements, MAAGAP ceased to be an associate and became a subsidiary of the Group on 19 April 2017.

8 ASSOCIATES (continued)

Set out below is the summarised financial information for material associates of the Group:

Summarised statement of financial position

	CCA		MAAGAP	
	31.12.2017	31.12.2016	31.12.2017[N1]	Restated 31.12.2016
	RM'000	RM'000	RM'000	RM'000
Non-current assets	8,826,015	5,962,615	-	1,734
Current assets	422,614	204,958	-	262,105
Non-current liabilities	(9,143,873)	(6,097,869)	-	-
Current liabilities	(42,187)	(27,867)	-	(179,075)
Net assets	62,569	41,837	-	84,764
% of shareholding	48%	48%	-	40%
Share of net assets	30,033	20,082	-	33,906
Goodwill	25,097	25,097	-	2,531
Currency translation differences	(2,670)	1,131	-	(16,408)
Carrying value of the Group's interest in associates	52,460	46,310	-	20,029

Summarised statement of profit or loss and statement of other comprehensive income

	CCA		MAAGAP	
	Financial year ended 31 December		Financial year ended 31 December	
	2017	2016	2017[N1]	Restated 2016
	RM'000	RM'000	RM'000	RM'000
Operating revenue	360,386	258,133	-	103,200
Profit before taxation	18,619	5,639	-	7,581
Taxation	(5,793)	(2,471)	-	(1,968)
Profit for the financial year	12,826	3,168	-	5,613
Other comprehensive loss for the financial year	-	-	-	(3,329)
Total comprehensive income for the financial year	12,826	3,168	-	2,284
Dividends received from associates	-	-	-	-

[N1] As disclosed in Note 46(d) to the financial statements, MAAGAP ceased to be an associate and became a subsidiary of the Group on 19 April 2017.

8 ASSOCIATES (continued)

Set out below is the summarised financial information for material associates of the Group: (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:

	CCA	**MAAGAP**	**Total**
	RM'000	**Restated RM'000**	**Restated RM'000**
At 1 January 2016			
- as previously stated	44,791	23,163	67,954
- change in accounting policy (Note 37)	-	(4,336)	(4,336)
- restated	44,791	18,827	63,618
Share of profit			
- as previously stated	1,519	3,209	4,728
- change in accounting policy (Note 37)	-	(1,017)	(1,017)
- restated	1,519	2,192	3,711
Share of other comprehensive loss (Note 22)	-	(990)	(990)
At 31 December 2016 / 1 January 2017	46,310	20,029	66,339
Share of profit	6,150	1,486	7,636
Share of other comprehensive profit (Note 22)	-	526	526
Reclassification of associate to subsidiary pursuant to business combination (Note 34)			
- cost of investments	-	(15,508)	(15,508)
- accumulated impairment loss	-	6,410	6,410
- share of post-acquisition profit	-	(13,671)	(13,671)
- share of other comprehensive income	-	728	728
	-	(22,041)	(22,041)
At 31 December 2017	52,460	-	52,460

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		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Deferred tax assets	667	-	-	-
Deferred tax liabilities	(771)	(185)	(154)	(185)
	(104)	(185)	(154)	(185)
At 1 January	(185)	1,045	(185)	(107)
Arising from business combination (Note 34(c))	425	-	-	-
(Charged)/credited to profit or loss (Note 30):				
- property, plant and equipment	(11)	(78)	31	(78)
- financial assets at FVTPL	-	1,321	-	-
- allowance for impairment loss	-	(234)	-	-
- gain on remeausurement of previously held equity interest in an associate	(575)	-	-	-
	(586)	1,009	31	(78)
(Charged)/credited to other comprehensive income:				
- AFS financial assets	-	(77)	-	-
- Retirement benefit liability	67	-	-	-
Charged to takaful contract liabilities:				
- AFS financial assets	-	(187)	-	-
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	(1,975)	-	-
Currency translation differences	175	-	-	-
At 31 December	(104)	(185)	(154)	(185)

Subject to income tax:

Deferred tax assets (before and after offsetting)

Allowance for impairment loss	531	-	-	-
Retirement benefit liability	170	-	-	-
	701	-	-	-
Offsetting	(34)	-	-	-
	667	-	-	-

9 DEFERRED TAX (continued)

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Subject to income tax: (continued)				
Deferred tax liabilities (before and after offsetting)				
Property, plant and equipment	(196)	(185)	(154)	(185)
Unrealised foreign exchange gain	(34)	-	-	-
Gain on remeausurement of previously held equity interest in an associate	(575)	-	-	-
	(805)	(185)	(154)	(185)
Offsetting	34	-	-	-
	(771)	(185)	(154)	(185)

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	
	31.12.2017	31.12.2016
	RM'000	RM'000
Deductible temporary differences	6,629	507
Unutilised tax losses	60,838	57,523
Unabsorbed capital allowances	9,033	8,936
	76,500	66,966

10 INVESTMENTS

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Government debt securities	49,065	-	-	-
Corporate debt securities	49,016	-	-	-
Equity securities	129,934	36,779	39,273	5,084
Unit trusts	2,043	2,086	-	-
Loans	8	7,159	1	7
Fixed and call deposits with licensed banks	105,489	133,381	100,990	133,381
	335,555	179,405	140,264	138,472

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

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	19,310	2,086	17,267	-
AFS financial assets	210,748	36,779	22,006	5,084
Loans and receivables (Note 11)	105,497	140,540	100,991	133,388
	335,555	179,405	140,264	138,472

The following investments mature after 12 months:

AFS financial assets	159,662	-	-	-
Loans and receivables (Note 11)	3	2	-	2
	159,665	2	-	2

10 INVESTMENTS (continued)

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
(a) Financial assets at FVTPL				
At fair value:				
Unit trusts				
- Quoted in Malaysia	2,043	2,023	-	-
- Quoted outside Malaysia	-	63	-	-
	2,043	2,086	-	-
Equity securities				
- Quoted in Malaysia	7,919	-	7,919	-
- Quoted outside Malaysia	9,348	-	9,348	-
	17,267	-	17,267	-
	19,310	2,086	17,267	-
(b) AFS financial assets				
At fair value:				
Government debt securities				
- Quoted outside Malaysia	49,065	-	-	-
Corporate debt securities				
- Quoted outside Malaysia	49,016	-	-	-
Equity securities				
- Quoted outside Malaysia	83,585	5,084	22,006	5,084
- Unquoted outside Malaysia	29,082	31,695	-	-
	112,667	36,779	22,006	5,084
	210,748	36,779	22,006	5,084

10 **INVESTMENTS** (continued)

Carrying values of financial assets

The movements in the Group'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 2016	354,855	144,710	40,632	540,197
Purchases	80,101	3,590	-	83,691
Disposals including maturities and redemptions	(84,628)	(31,495)	-	(116,123)
Dividend income capitalised	67	-	-	67
Fair value gains/(losses) recorded in:				
Profit or loss (Note 26 and 31(d))	(16,706)	-	-	(16,706)
Other comprehensive income				
- Gross fair value changes	-	4,104	-	4,104
Takaful contract liabilities				
- Gross fair value changes	-	1,695	-	1,695
Movement in accrued interest/profit	519	(563)	(3)	(47)
Amortisation of premiums (Note 31(b))	-	(90)	(1)	(91)
Arising from disposal of a subsidiary (Note 35(a)(ii))	(332,121)	(86,370)	(40,628)	(459,119)
Currency translation differences	(1)	1,198	-	1,197
At 31 December 2016 / 1 January 2017	2,086	36,779	-	38,865
Arising from business combination (Note 34(c))	-	156,534	-	156,534
Purchases	18,799	120,556	-	139,355
Disposals including maturities and redemptions	(1,236)	(100,143)	-	(101,379)
Dividend income capitalised	79	-	-	79
Fair value gains/(losses) recorded in:				
Profit or loss (Note 26)	(219)	-	-	(219)
Other comprehensive income				
- Gross fair value changes	-	10,104	-	10,104
Amortisation of premiums (Note 24)	-	(723)	-	(723)
Unrealised foreign exchange loss	(199)	-	-	(199)
Currency translation differences	-	(12,359)	-	(12,359)
At 31 December 2017	19,310	210,748	-	230,058

10 INVESTMENTS (continued)

Carrying values of financial assets (continued)

The movements in the Company's financial assets (excluding loans and receivables) are summarised in the table below by measurement category:

COMPANY

	FVTPL	AFS	Total
	RM'000	**RM'000**	**RM'000**
At 1 January 2016	-	-	-
Purchases	-	3,070	3,070
Fair value gains recorded in other comprehensive income			
- Gross fair value changes	-	2,014	2,014
At 31 December 2016 / 1 January 2017	-	5,084	5,084
Purchases	18,799	9,625	28,424
Disposals	(1,168)	-	(1,168)
Fair value (losses)/gains recorded in :			
Profit or loss (Note 26)	(165)	-	(165)
Other comprehensive income			
- Gross fair value changes	-	7,297	7,297
Unrealised foreign exchange loss	(199)	-	(199)
At 31 December 2017	17,267	22,006	39,273

Fair values hierarchy

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 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.

10 INVESTMENTS (continued)

Fair value 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 2017				
(a) Financial assets at FVTPL				
Unit trusts				
- Quoted in Malaysia	2,043	-	-	2,043
Equity securities				
- Quoted in Malaysia	7,919	-	-	7,919
- Quoted outside Malaysia	9,348	-	-	9,348
	19,310	-	-	19,310
(b) AFS financial assets				
Government debt securities				
- Quoted outside Malaysia	49,065	-	-	49,065
Corporate debt securities				
- Quoted outside Malaysia	49,016	-	-	49,016
Equity securities				
- Quoted outside Malaysia	83,317	268	-	83,585
- Unquoted outside Malaysia	-	-	29,082	29,082
	181,398	268	29,082	210,748
31 December 2016				
(a) Financial assets at FVTPL				
Unit trusts				
- Quoted in Malaysia	2,023	-	-	2,023
- Quoted outside Malaysia	-	63	-	63
	2,023	63	-	2,086
(b) AFS financial assets				
Equity securities				
- Quoted outside Malaysia	5,084	-	-	5,084
- Unquoted outside Malaysia	-	-	31,695	31,695
	5,084	-	31,695	36,779

10 INVESTMENTS (continued)

Fair value 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)

COMPANY

	Level 1	
	31.12.2017	**31.12.2016**
	RM'000	**RM'000**
(a) Financial assets at FVTPL		
Equity securities		
- Quoted in Malaysia	7,919	-
- Quoted outside Malaysia	9,348	-
	17,267	-
(b) AFS financial assets		
Equity securities		
- Quoted outside Malaysia	22,006	5,084

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

GROUP

	AFS
	RM'000
At 1 January 2016	29,971
Capital reduction	(1,523)
Fair value gain recorded in other comprehensive income	
- Gross fair value changes	2,049
Currency translation difference	1,198
At 31 December 2016 / 1 January 2017	31,695
Fair value gain recorded in other comprehensive income	
- Gross fair value changes	135
Currency translation difference	(2,748)
At 31 December 2017	29,082

10 INVESTMENTS (continued)

Fair value of investments (continued)

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

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 used are quoted market prices and price per book of comparable companies in active markets, applied a 10% discount as adjustment for lack of marketability associated with a non-controlling interest for the unquoted equity securities held 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 2017.

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 the discount adjustment for lack of marketability of the unquoted equity intrustments. The higher the discount rate, the lower the estimated fair value.

Sensitivities

		Impact on	
	Change in variables	**Fair value**	**Equity**
	%	**RM'000**	**RM'000**
31 December 2017			
Discount rate	+10%	2,908	2,210
	-10%	(2,908)	(2,210)
31 December 2016			
Discount rate	+10%	3,170	2,409
	-10%	(3,170)	(2,409)

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

11 LOANS AND RECEIVABLES

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Loans arising from:				
Secured loans	-	7,152	-	-
Unsecured loans	8	7	1	7
	8	7,159	1	7
Loans from money lending, hire purchase and other credit activities	20,903	20,905	-	-
Less: Allowance for impairment loss	(20,903)	(20,905)	-	-
	-	-	-	-
Fixed and call deposits with licensed banks	105,489	133,381	100,990	133,381
	105,497	140,540	100,991	133,388

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

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Receivables within 12 months:				
Net loans	5	7,157	1	5
Fixed and call deposits with licensed banks	105,489	133,381	100,990	133,381
	105,494	140,538	100,991	133,386
Receivables after 12 months:				
Net loans	3	2	-	2
	105,497	140,540	100,991	133,388

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

11 LOANS AND RECEIVABLES (continued)

As at 31 December 2016, the secured loans due from other shareholders of MAAGAP bore interest at 3.00% per annum and were repayable on demand. On 11 December 2017, the secured loans have been fully settled via shares purchase from these other shareholders. Subsequent to the completion of the shares purchases, the Group's equity interest in MAAGAP increased further from 74% as on 31 May 2017 to 99%.

The weighted average effective interest rate of fixed and call deposits with licensed banks during the financial year was 0.75%-3.64% (2016: 4.46%) per annum.

The total loans portfolio from money lending, hire purchase and other credit activities as at 31 December 2017 included non-performing loans ("NPL") amounting to RM20,903,000 (2016: RM20,905,000), 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 2.13 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 RM1,554,000 (2016: RM18,264,000)

A reconciliation of the allowance for impairment loss for loans from money lending, hire purchase and other credit activities is as follows:

	GROUP	
	31.12.2017	**31.12.2016**
	RM'000	**RM'000**
At 1 January	20,905	24,464
Write back of impairment loss in respect of recoveries (Note 28)	(2)	(6)
Bad debts written off	-	(3,553)
At 31 December	20,903	20,905

12 REINSURANCE ASSETS

Reinsurance of insurance contract:		
Provision for outstanding claims (Note 17)	29,066	-
Provision for unearned premiums (Note 17)	5,877	-
	34,943	-

13 INSURANCE RECEIVABLES

	GROUP	
	31.12.2017	31.12.2016
	RM'000	RM'000
Due premiums from brokers and agents	43,161	-
Due from reinsurers and ceding companies	602	-
Funds held by ceding companies	446	-
Reinsurance recoverable on paid losses	1,883	-
	46,092	-
Less: Allowance for impairment loss	(1,770)	-
	44,322	-
Receivable within 12 months	44,322	-

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

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

	GROUP	
	31.12.2017	31.12.2016
	RM'000	RM'000
At 1 January	-	8,693
Arising from business combination	1,993	-
Write back of impairment loss (Note 29 and 31(h))	(95)	(827)
Arising from disposal of a subsidiary	-	(7,866)
Currency translation differences	(128)	-
At 31 December	1,770	-

14 DEFERRED ACQUISTION COSTS AND DEFERRED REINSURANCE COMMISSIONS

	GROUP	
	31.12.2017	31.12.2016
	RM'000	RM'000
Deferred Acquisition Costs		
At 1 January	-	-
Arising from business combination (Note 34(c))	16,321	-
Cost deferred during the financial year	24,839	-
Amortisation during the financial year	(23,678)	-
Currency translation differences	(1,007)	-
At 31 December	16,475	-
Deferred Reinsurance Commissions		
At 1 January	-	-
Arising from business combination (Note 34(c))	1,579	-
Income deferred during the financial year	1,055	-
Amortisation during the financial year	(1,861)	-
Currency translation differences	(72)	-
At 31 December	701	-

15 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables of non-insurance subsidiaries	122	22	276	-
Amounts due from subsidiaries				
Amounts due from subsidiaries at gross	-	-	-	64,297
Less: Allowance for impairment loss	-	-	-	(32,714)
	-	-	-	31,583
Amounts due from an associated company	-	3,617	-	-
Other receivables, deposits and prepayments				
Other receivables, deposits and prepayments, at gross	119,261	158,558	90,903	108,798
Less: Allowance for impairment loss	(21,792)	(30,492)	(204)	(8,904)
	97,469	128,066	90,699	99,894
	97,591	131,705	90,975	131,477
Receivables within 12 months	7,800	43,755	1,184	43,527
Receivables after 12 months	89,791	87,950	89,791	87,950
	97,591	131,705	90,975	131,477

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

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

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	32,714	26,207
(Write back of)/allowance for impairment loss (Note 28)	-	-	(32,714)	6,507
At 31 December	-	-	-	32,714

15 TRADE AND OTHER RECEIVABLES (continued)

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

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	30,492	29,123	8,904	7,204
Allowance for impairment loss (Note 29 and 31(h))	44	1,434	44	1,700
Arising from disposal of a subsidiary	-	(65)	-	-
Bad debt written-off	(8,744)	-	(8,744)	-
At 31 December	21,792	30,492	204	8,904

As at 31 December 2016, the net amounts due from subsidiaries consist of interest-bearing advances of RM31,583,000. The interest-bearing advances bore interest rates ranging from 3.60% to 7.0% per annum, unsecured and were repayable on demand. During the current financial year, the subsidiaries had fully settled the amounts due to the Company respectively.

As at 31 December 2016, the amounts due from an associated company of the Group were non-interest bearing advance, unsecured and repayable on demand. On 31 May 2017, the associate company has settled the amounts due in full via issue of new shares in the company wherein the Group's equity interest in the associated company increased further from 70% on 19 April 2017 to 74%.

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

(a) A Retained Consideration of RM93,750,000 from the disposal of MAA Takaful receivable on the third anniversary of the sale completion date failing on 30 June 2019, and a charge for present value adjustment ("PV Charge") of RM3,959,000 (2016: RM5,800,000) to account for time value of money. The decrease in PV Charge of RM1,841,000 is recognised under 'Other operating income/(expenses) – net' in profit or loss during the financial year ended 31 December 2017.

    Under the sale and purchase agreement, the Retained Consideration will be used to settle Zurich Insurance Company Ltd ("Zurich")'s claims for breach of representations and warranties and also third party claims against MAA Takaful during the warranty period. As at 31 December 2017, the Group has not been notified of any claim by Zurich.

(b) As at 31 December 2016, there was an amount of RM20,005,000 ("Extended Sum") due by PIMA Pembangunaan Sdn Bhd ("PIMA") to the Company. The Extended Sum consists of RM18.5 million being the amount extended by the Company to PIMA relating to the Company's obligations to obtain and deliver the individual strata title for Block A of Prima Klang Avenue ("PKA") to 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) and RM2.0 million being deposit for the purchase price for the purchase of 783 car parking bays ("Car Park Properties") situated at PKA in accordance with terms and condition of the sale and purchase agreement signed with PIMA.

    The Extended Sum is secured by identified unsold retail and office units of Block B, Car Park Properties and site of unbuilt Block C ("the Securities") located at PKA. 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 ("JVA") signed between the Company and PIMA ("the Sale Plan"). As at 31 December 2016, in view that PIMA has failed to realise the Securities under the Sale Plan to settle the Extended Sum, the Company after taking into the consideration the soft property market conditions then has made an allowance for impairment loss of RM8.7 million on the Extended Sum based on the force sale values of the Securities conducted by independent professional valuers.

    On 1 March 2017, the Extended Sum increased by RM240,000 to RM20,245,000.

15 TRADE AND OTHER RECEIVABLES (continued)

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

As disclosed in Note 46 to the financial statements, the Company entered into the following agreements for the Acquisition of Properties with PIMA on 11 April 2017:

(i) supplemental sale and purchase agreement to complete the purchase of the Car Park Properties for a total purchase price of RM3.5 million;

(ii) sale and purchase agreement to purchase 38 office suits and retail units in Block B of PKA for a total purchase price of RM23.0 million;

(iii) sale and purchase agreement to purchase the land, together with the platform built thereon, comprised in Block C of PAK for a purchase price of RM11.0 million, and

(iv) settlement agreement with PIMA wherein the purchase considerations for the Properties will settle the amount owing by PIMA to the Company under the JVA entered into in 2013 with the balance purchase price considerations totaling RM6.0 million payable to PIMA upon delivery of vacant possession of the Properties.

Arising from the Acquisition of Properties and settlement agreement as stated in (i) to (iv) above, the Company has recognised an income of RM20.0 million under 'Other operating income/(expenses) – net' in profit or loss and a transfer of RM31.5 million from other receivables to investment properties as disclosed in Note 5 to the financial statements.

(c) As at 31 December 2016, a Subscription sum of RM27,255,000 was injected into MAAGAP to subscribe for additional 300,000 new shares with par value of PHP1,000 per share in MAAGAP; the approval for the capital injection was still pending from the regulatory authority in the Philippines then.

On 19 April 2017, MAAGAP has received the approval from Securities & Exchange Commission of Philippines for the increase in the authorised and paid-up share capital of MAAGAP via the said capital injection of PHP300 million (equivalent to RM27,255,000) by MAAIG. Accordingly, MAAGAP became a 70% subsidiary of the Group from a 40% associated company as disclosed in Note 46(b) to the financial statements.

16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed and call deposits with licenced banks	109,050	153,886	92,713	138,744
Cash and bank balances	32,176	3,188	13,257	480
	141,226	157,074	105,970	139,224

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

The weighted average effective interest rate of fixed and call deposits with licensed banks during the financial year ranged from 1.25% to 3.76% (2016: 1.66% to 4.57%) per annum.

17 INSURANCE CONTRACT LIABILITIES

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

GROUP

	31.12.2017		
	Gross	**Reinsurance**	**Net**
	RM'000	**RM'000**	**RM'000**
Provision for claims reported by policyholders	79,979	(23,457)	56,522
Provision for IBNR	10,184	(5,609)	4,575
Provision for outstanding claims (i)	90,163	(29,066)	61,097
Provision for unearned premiums (ii)	60,805	(5,877)	54,928
	150,968	(34,943)	116,025
(i) Provision for outstanding claims			
At 1 January 2017	-	-	-
Arising from business combination (Note 34(c))	74,467	(20,877)	53,590
Claims incurred during the year	48,795	(11,663)	37,132
Claims paid during the year – net of salvage and subrogation	(24,355)	2,116	(22,239)
Increase in IBNR	(3,664)	(116)	(3,780)
	20,776	(9,663)	11,113
Currency translation differences	(5,080)	1,474	(3,606)
At 31 December 2017	90,163	(29,066)	61,097
(ii) Provision for unearned premiums			
At 1 January 2017	-	-	-
Arising from business combination (Note 34(c))	68,183	(10,677)	57,506
Premiums written during the year (Note 23)	95,303	(24,163)	71,140
Premiums earned during the year (Note 23)	(98,573)	28,389	(70,184)
	(3,270)	4,226	956
Currency translation differences	(4,108)	574	(3,534)
At 31 December 2017	60,805	(5,877)	54,928

18 INSURANCE PAYABLES

	GROUP	
	31.12.2017	31.12.2016
	RM'000	RM'000
Due to reinsurers and ceding companies	8,656	-
Payable within 12 months	8,656	-

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

19 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Defined retirement contribution plan payable	46	137	34	51
Accrual for unutilised staff leave	202	227	153	190
Provision for staff costs	1,434	1,831	1,187	1,330
Provision for liquidation fees and expenses of a deconsolidated subsidiary[N1]	5,118	5,118	-	-
Commissions payable	10,789	-	-	-
VAT payable	15,264	-	-	-
Withholding tax payable	6,628	-	-	-
Hire purchase creditors[N2]	115	-	-	-
Other payables and accruals	12,505	4,803	3,396	3,044
	52,101	12,116	4,770	4,615
Payable within 12 months	50,858	9,612	3,733	3,578
Payable after 12 months	1,243	2,504	1,037	1,037
	52,101	12,116	4,770	4,615

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

[N1] 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 an ex-subsidiary, PT MAA General Assurance ("PT MAAG") which commenced shareholders' voluntary winding up on 1 December 2015. Following the appointment of the liquidators, the Group 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 and was deconsolidated with effect from 1 December 2015. 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.

[N2] The hire purchase creditors of the Group bear interest rates ranging from 8.5% to 10.4% per annum.

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Payable within 12 months	33	-	-	-
Payable after 12 months	82	-	-	-
	115	-	-	-

20 RETIREMENT BENEFIT LIABILITY

The General insurance subsidiary has a funded, non-contributory, defined benefit pension plan covering substantially all of its regular employees. The plan provides a retirement benefit equal to one hundred percent (100%) of Plan Salary for every year of credited service plus retirement bonus, if any. The plan is administered by a licensed bank as trustee.

The amount of retirement benefit liability recognised in the statements of financial position as at 31 December 2017 is as follow:

	RM'000
Fair value of defined benefit obligation	4,000
Fair value of plan assets	(3,441)
	559

Changes in the present value of the defined benefit obligation as at 31 December 2017 recognised in the statements of financial position are as follows:

	RM'000
At 1 January 2017	-
Arising from business combination (Note 34(c))	3,709
Current service cost	348
Interest cost	215
Benefits paid	(52)
Remeasurement (gains)/losses	
Actuarial gains arising from changes in financial assumptions	90
Experience adjustments	(48)
Currency translation differences	(262)
At 31 December 2017	4,000

Changes in the fair value of plan assets are as follow:

	RM'000
At 1 January 2017	-
Arising from business combination (Note 34(c))	3,230
Contributions	481
Interest income	207
Benefits paid	(52)
Return on plan assets excluding amount in net interest income	(182)
Currency translation differences	(243)
At 31 December 2017	3,441

20 RETIREMENT BENEFIT LIABILITY (continued)

The amounts of defined benefit cost that is included in profit or loss under 'Staff costs – defined retirement benefit plans' in Note 29 to the financial statements are as follow:

	2017
	RM'000
Current service cost	348
Net interest cost	8
	356

The amounts of defined benefit cost which is included in OCI related to remeasurement of retirement benefit liability are as follow:

	2017
	RM'000
Actuarial loss on present value of retirement obligation	(42)
Return on plan assets excluding amount in net interest cost	(182)
	(224)
Deferred tax effect	67
Currency translation differences	77
	(80)

The fair values of plan assets by each class as at 31 December 2017 is as follow:

	RM'000
Cash and cash equivalents	119
Investments in:	
Unit trust fund	818
Government debt securities	2,116
Private debt securities	341
Accrued trust fees	(3)
Others	50
Total plan assets	3,441

Cash and cash equivalents include cash in saving deposit, special savings deposit and time deposit accounts. Investments in government securities consist of investments in retail treasury bonds while the private debt securities consist of investment in commercial papers, instalment receivables and interest receivables

All government and private debt securities held, except various receivables, have quoted prices in active market. The remaining plan assets are carried at carrying amounts that approximate the fair values.

The plan assets have diverse investments and do not have any concentration risk.

20 RETIREMENT BENEFIT LIABILITY (continued)

The principal assumptions used to determine pension benefits for the General insurance subsidiary are as follows:

	2017
Discount rate	5.67%
Expected salary rate increase	7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the fair value of defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Change in variables	**Impact on present value of defined benefit obligation Increase/ (decrease)**
		RM'000
Discount rate	+100 bps	(365)
	-100 bps	441
Salary increase rate	+100 bps	390
	-100 bps	(330)

The General insurance subsidiary does not expect any contribution to the plan for next financial year.

In the financial year ended 31 December 2017, the weighted average duration of the retirement benefit obligation is 10.1 years.

Maturity profile of the expected undiscounted benefit payments are as follow:

Financial Year	Amount RM'000
Year 1	33
Year 2	532
Year 3	606
Year 4	198
Year 5	1,345
Year 6 to 10	694

21 SHARE CAPITAL

	GROUP/COMPANY	
	31.12.2017	31.12.2016
	RM'000	RM'000
Authorised ordinary shares:		
At beginning and end of financial year	500,000	500,000
Issued and fully paid ordinary shares:		
At beginning of financial year	273,518	292,693
Transition to non-par value regime on 31 January 2017[(a)]	30,836	-
Cancellation of treasury shares[(b)]	-	(19,175)
At end of financial year	304,354	273,518

[(a)] The new Companies Act 2016 ("New Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the Company transferred the amounts standing to the credit of the capital redemption reserve of RM30,836,000 to share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

[(b)] On 1 December 2016, the Company cancelled the whole 19,174,500 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 2017, there were no treasury shares held by the Company (2016: nil shares).

22 RETAINED EARNINGS AND RESERVES

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Retained earnings	259,140	234,811	164,987	152,251
Reserves				
- Foreign exchange reserves	(14,212)	4,029	-	-
- AFS reserves	10,044	3,284	9,311	2,014
- Capital redemption reserves	-	30,836	-	30,836
	(4,168)	38,149	9,311	32,850
	254,972	272,960	174,298	185,101

Movement in retained earnings

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
At 1 January				
- as previously stated	240,164	112,643	152,251	12,084
- change in accounting policy (Note 37)	(5,353)	(4,336)	-	-
- restated	234,811	108,307	152,251	12,084
Profit for the financial year				
- as previously stated	25,136	263,307	37,353	275,953
- change in accounting policy (Note 37)	-	(1,017)	-	-
- restated	25,136	262,290	37,353	275,953
Remeasurement loss on retirement benefit liability (Note 20)	(80)	-	-	-
Interim dividends paid (Note 32)	(24,617)	(117,725)	(24,617)	(117,725)
Cancellation of treasury shares	-	(18,061)	-	(18,061)
Realised foreign currency translation differences	10,233	-	-	-
Transactions with NCI (Note 34)	13,657	-	-	-
At 31 December	259,140	234,811	164,987	152,251

Movement in foreign exchange reserves

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
At 1 January	4,029	(6,246)	-	-
Arising from business combination (Note 34(c))	(546)	-	-	-
Currency translation differences arising during the financial year	(17,695)	10,275	-	-
At 31 December	(14,212)	4,029	-	-

22 RETAINED EARNINGS AND RESERVES (continued)

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Movement in AFS reserves				
At 1 January	3,284	(255)	2,014	-
Gross fair value changes	10,104	5,799	7,297	2,014
Transferred to profit or loss upon disposal of AFS financial assets	(2,747)	459	-	-
Impairment loss transferred to profit or loss (Note 28)	(32)	-	-	-
Deferred tax (Note 9)	-	(264)	-	-
Movement in fair value of AFS financial assets, net of tax	7,325	5,994	7,297	2,014
Changes in takaful contract liabilities arising from unrealised net fair value changes	-	(1,465)	-	-
Share of fair value changes of AFS financial assets of associates (Note 8)	526	(990)	-	-
Arising from business combination (Note 34(c))	(1,819)	-	-	-
Transferred to profit or loss due to deemed disposal of an associate (Note 34(e))	728	-	-	-
At 31 December	10,044	3,284	9,311	2,014
Movement in capital redemption reserves				
At 1 January	30,836	11,661	30,836	11,661
Transition to non-par value regime on 31 January 2017 (Note 21)	(30,836)	-	(30,836)	-
Cancellation of treasury shares	-	19,175	-	19,175
At 31 December	-	30,836	-	30,836

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

The AFS reserves comprise the cumulative net change in the fair value of the AFS financial assets of the Group and the Company until the investments are derecognised or impaired.

23 NET EARNED PREMIUMS

CONTINUING OPERATIONS

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
Gross earned premiums		
Gross written premiums	95,303	-
Change in unearned premium reserves	3,270	-
	98,573	-
Premiums ceded to reinsurers		
Gross written premiums ceded to reinsurers	(24,163)	-
Change in unearned premium reserves	(4,226)	-
	(28,389)	-
Net earned premiums	70,184	-

24 INVESTMENT INCOME

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties (Note 5)	301	248	-	-
Financial assets at FVTPL				
Dividend income				
- Unit trust quoted in Malaysia	80	67	-	-
- Equity securities quoted in Malaysia	28	-	28	-
	108	67	28	-
AFS financial assets				
Interest income				
- Government debt securities quoted outside Malaysia	2,210	-	-	-
- Corporate debt securities				
- unquoted in Malaysia	238	239	238	239
- quoted outside Malaysia	1,461	-	-	-
Amortisation of premiums				
- Government debt securities quoted outside Malaysia	(723)	-	-	-
Dividend income				
- Equity securities				
- quoted outside Malaysia	1,300	-	-	-
- unquoted outside Malaysia	1,087	-	-	-
	5,573	239	238	239
Loans and receivables				
Interest income				
- other secured and unsecured loans	-	113	-	-
- subsidiaries	-	-	698	2,009
	-	113	698	2,009
Fixed and call deposits interest income	9,208	10,532	8,695	9,937
	15,190	11,199	9,659	12,185

25 REALISED GAINS/(LOSSES) - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) from disposal of property, plant and equipment	47	218	(8)	13
Financial assets at FVTPL				
Net realised gains				
- Equity securities quoted in Malaysia	10	-	10	-
- Equity securities quoted outside Malaysia	27	-	27	-
	37	-	37	-
AFS financial assets				
Net realised gains/(losses)				
- Government debt securities quoted outside Malaysia	(258)	-	-	-
- Equity securities quoted outside Malaysia	3,005	-	-	-
- Equity securities unquoted in Malaysia	-	7	-	-
	2,747	7	-	-
	2,831	225	29	13

26 FAIR VALUE GAINS/(LOSSES) - NET

CONTINUING OPERATIONS

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Fair value (losses)/gains on investment properties - net (Note 5)	(8,089)	2,011	(7,925)	-
Financial assets at FVTPL				
Net fair value gains/(losses)				
- Equity securities quoted in Malaysia	58	-	58	-
- Equity securities quoted outside Malaysia	(223)	-	(223)	-
- Unit trusts quoted outside Malaysia	5	(4)	-	-
- Unit trusts quoted in Malaysia	(59)	83	-	-
	(219)	79	(165)	-
	(8,308)	2,090	(8,090)	-

27 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue from non-insurance businesses				
- management fee income	11	25	691	944
- interest income from money lending, hire purchase and other credit activities	26	28	-	-
- fee income from education services	5,004	6,533	-	-
- others	220	274	-	-
	5,261	6,860	691	944

28 OTHER OPERATING INCOME/(EXPENSES) – NET

CONTINUING OPERATIONS

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Property, plant and equipment				
- written off (Note 4)	(196)	(61)	(18)	(18)
- allowance for impairment loss (Note 4)	-	(12)	-	-
Intangible assets written off (Note 6)	-	(1)	-	-
Bad debts recovered	58	63	-	-
(Allowance for)/write back of impairment loss on:				
- investments in subsidiaries (Note 7)	-	-	377	-
- amounts due from subsidiaries (Note 15)	-	-	32,714	(6,507)
- loans from money lending, hire purchase and other credit activities – net (Note 11)	2	6	-	-
- AFS financial assets (Note 21)	32	-	-	-
Realised foreign exchange (loss)/gain	(1,701)	17	(2,038)	-
Unrealised foreign exchange gain/(loss)	130	(632)	(195)	11,755
Disposal costs of MAA Takaful	-	(1,780)	-	(1,780)
Present value adjustment on Retained Consideration (Note 15(a))	1,841	(5,800)	1,841	(5,800)
Other income arising from settlement with other receivables (Note 15(b))	20,000	-	20,000	-
Reserve arising from business combination (Note 34(d))	10,025	-	-	-
Gain on remeasurement of previously held equity interest in an associate (Note 34 (e))	1,666	-	-	-
Loss on deconsolidation of subsidiaries (Note 36 (a) and (b))	(682)	-	-	-
Others	647	973	576	224
	31,822	(7,227)	53,257	(2,126)

29 MANAGEMENT EXPENSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Staff costs (including Executive Directors)				
- salaries and bonus	17,645	16,461	8,754	10,946
- defined retirement contribution plan	2,022	2,534	1,387	1,697
- defined retirement benefits plan (Note 20)	356	-	-	-
- annual leave	(24)	18	(37)	10
- executive director's fees	11	-	-	-
- other staff benefits	736	778	229	175
	20,746	19,791	10,333	12,828
Depreciation of property, plant and equipment (Note 4)	954	828	432	439
Amortisation of intangible assets (Note 6)	70	86	56	71
Amortisation of leases (Note 4)	1	2	-	-
Auditors' remuneration				
- statutory audit				
- current year	314	299	247	235
- under provision in prior financial year	-	40	-	40
- audit related services				
- under provision in prior financial year	-	150*	-	150*
- non-audit related services				
- current year	-	570*	-	570*
Auditors' remuneration payable/paid to other audit firms	163	57	-	-
Non-executive Directors' fees and other emoluments (Note 39)	503	299	342	257
Tutors' fees for education services	669	769	-	-
Fees paid to a company in which certain Directors have an interest (Note 39)	230	241	210	219
Allowance for/(write back of) impairment loss on:				
- other receivables (Note 15)	44	1,407	44	1,700
- insurance receivables (Note 13)	(95)	-	-	-
Office rental	2,311	1,644	424	421
Staff training expenses	624	39	48	36
Computer expenses	359	311	342	281
Advertising, promotional and entertainment expenses	1,071	953	504	752
Motor vehicle, accommodation and travelling expenses	2,187	1,689	1,300	1,369
Printing and stationery	624	411	110	130
Postage, telephone and fax	476	135	69	68
Professional fees	2,401	2,587	1,660	2,461
Staff amenities	375	194	117	112
Electricity and water	241	277	32	34
Direct operating expenses of investment properties (Note 5)	493	603	-	-
Security charges	241	401	241	401
Underwriting expenses	1,084	-	-	-
Others	4,724	3,408	1,713	1,810
	40,810	37,191	18,224	24,384

* Disposal costs of MAA Takaful

30 TAXATION

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Current financial year	1,680	1	-	-
Under/(over) provision in prior financial years	18	(13)	-	-
Total current tax expenses/(income)	1,698	(12)	-	-
Deferred tax:(Note 9)				
Origination and reversal of temporary differences	586	78	(31)	78
Tax expenses/(income)	2,284	66	(31)	78
Tax expenses/(income) are attributable to:				
Profit/(loss) from Continuing operations	2,284	66	(31)	78
Profit from Discontinued operations (Note 31(i))	-	5,109	-	-
Tax expenses/(income)	2,284	5,175	(31)	78

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation				
- Continuing operations	28,628	(20,333)	37,322	(13,368)
- Discontinued operations	-	288,250	-	289,399
	28,628	267,917	37,322	276,031
Tax expenses attributable to participants	-	(1,380)	-	-
Profit before taxation	28,628	266,537	37,322	276,031
Taxation at Malaysia statutory tax rate of 24% (2016: 24%)	6,871	63,969	8,957	66,247
Tax effects of:				
- expenses not deductible for tax purposes	33,219	6,908	6,537	5,092
- income not taxable for tax purposes	(38,989)	(68,885)	(15,675)	(72,763)
- tax losses not recognised	847	1,826	150	1,506
- effects of different tax rates in foreign jurisdictions	310	(6)	-	-
- tax expenses attributable to participants	-	1,380	-	-
- Under/(over) provision in prior financial years	17	(13)	-	-
- re-measurement of deferred tax due to changes in tax rate	-	(4)	-	(4)
- surrender of loss under group relief	9	-	-	-
Total tax expenses/(income)	2,284	5,175	(31)	78

31 DISCONTINUED OPERATIONS

	Note	GROUP 2016 RM'000
Gross earned contributions		269,430
Contributions ceded to retakaful operators		(100,165)
Net earned contributions	(a)	169,265
Investment income	(b)	9,845
Realised gains - net	(c)	282,885
Fair value losses - net	(d)	(16,785)
Fee and commission income	(e)	19,730
Other operating revenue from non-insurance businesses	(f)	104
Other operating income - net	(g)	6,684
Other revenue		302,463
Total revenue		471,728
Gross benefits and claims paid		(141,756)
Claims ceded to retakaful operators		46,860
Gross change to contract liabilities		(11,212)
Change in contract liabilities ceded to retakaful operators		13,108
Net takaful benefits and claims		(93,000)
Fee and commission expenses		(46,143)
Management expenses	(h)	(44,005)
Expense liabilities		(330)
Other expenses		(90,478)
		288,250
Tax expenses attributable to participants		(1,380)
Profit before taxation		286,870
Taxation	(i)	(5,109)
Tax expenses attributable to participants		1,380
Tax expenses attributable to Shareholders' fund		(3,729)
Profit for the financial year		283,141

The financial results of discontinued operations for the financial year ended 31 December 2016 represent MAA Takaful and MAA Cards, subsidiaries disposed during that year.

COMPANY

The profit of RM289,399,000 for the financial year ended 31 December 2016 comprised of realised gain from the disposal of MAA Takaful as disclosed in Note 35(a)(ii) to the financial statements.

31 DISCONTINUED OPERATIONS (continued)

	GROUP 2016 RM'000
(a) NET EARNED CONTRIBUTIONS	
(i) Gross earned contributions	
Takaful contracts	269,926
Change in unearned contribution reserve	(496)
	269,430
(ii) Contributions ceded to retakaful operators	
Takaful contracts	(98,979)
Change in unearned contribution reserve	(1,186)
	(100,165)
Net earned contributions	169,265
(b) INVESTMENT INCOME	
Financial assets at FVTPL	
Profit income	
- Islamic debt securities unquoted in Malaysia	1,371
Dividend income	
- Syariah-approved equity securities quoted in Malaysia	867
	2,238
AFS financial assets	
Profit income	
- Islamic debt securities unquoted in Malaysia	2,652
Amortisation of premiums	
- Islamic debt securities unquoted in Malaysia	(90)
	2,562
HTM financial assets	
Profit income	
- Malaysian Government Guaranteed Financing	909
Amortisation of premiums	
- Malaysian Government Guaranteed Financing	(1)
	908
Fixed and call deposits interest/profit income	4,137
	9,845

31 DISCONTINUED OPERATIONS (continued)

	GROUP 2016 RM'000
(c) REALISED GAINS/(LOSSES) - NET	
Financial assets at FVTPL	
Syariah-approved equity securities quoted in Malaysia	
Realised gains - net	1,631
AFS financial assets	
Islamic debt securities unquoted in Malaysia	
Realised losses – net	(121)
Realised gains from disposal of subsidiaries (Note 35(a)(i) and (ii))	281,375
	282,885
(d) FAIR VALUE GAINS/(LOSSES) – NET	
Financial assets at FVTPL	
Net value gains/(losses)	
- Syariah-approved equity securities quoted in Malaysia	22
- investment-linked units	(16,807)
	(16,785)
(e) FEE AND COMMISSION INCOME	
Retakaful commission income	19,730
(f) OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES	
Revenue from non-insurance businesses	
- income from card services	104
(g) OTHER OPERATING INCOME/(EXEPENSES) - NET	
Property, plant and equipment written off (Note 4)	(16)
Intangible assets written off (Note 6)	(383)
Write back of takaful payables	6,666
Others	417
	6,684

31 DISCONTINUED OPERATIONS (continued)

(h) MANAGEMENT EXPENSES

	GROUP
	2016
	RM'000
Staff costs	
- salaries and bonus	18,529
- defined contribution retirement benefits	2,897
	21,426
Depreciation of property, plant and equipment (Note 4)	1,287
Amortisation of intangible assets (Note 6)	637
Auditors' remuneration	
- statutory audit	
- current year	154
- under provision in prior financial year	195
- non-audit related services	
- current year	6
Fees paid to a company in which certain Directors have an interest	91
Executive and non-executive directors' fee and other emoluments	294
Allowance for impairment loss on other receivables (Note 15)	27
Write back of impairment loss on takaful receivables (Note 13)	(827)
Office rental	1,420
Rental of office equipment	44
Agency and staff training expenses	1,687
Repairs and maintenance	755
EDP expenses	1,579
Advertising, promotional and entertainment expenses	3,644
Motor vehicle, accommodation and travelling expenses	943
Printing and stationery	1,469
Postage, telephone and fax	522
Professional fees	1,678
Staff amenities	242
Electricity and water	388
Credit card charges	584
Manage care organisation fees	1,264
Motor club expenses	635
Policy stamping fees	445
Visa fees, outsourcing fees and other direct costs payable for debit cards operations	144
Others	3,272
	44,005

31 DISCONTINUED OPERATIONS (continued)

(h) MANAGEMENT EXPENSES (continued)

Remuneration and emoluments received by Directors and Chief Executive Officers of the Discontinued Operations during the financial year were as follows:

	GROUP
	2016
	RM'000
Executive Directors:	
- fees	22
- other emoluments	10
	32
Non-executive Directors:	
- fees	196
- other emoluments	66
	262
	294
Chief Executive Officer:	
- salaries	384
- bonus	182
- defined contribution retirement benefits	86
- estimated monetary value of benefits-in-kind	10
	662

(i) TAXATION

Current tax	6,196
Deferred tax (Note 9)	(1,087)
Tax expenses	5,109
Current tax	
Current financial year	6,196
Deferred tax	
Origination and reversal of temporary differences	(1,087)
	5,109

32 DIVIDENDS

In respect of the financial year ended 31 December 2017, the following dividend payments were made:

(a) a first interim dividend of 6 sen per share under the single-tier dividend system totalling RM16,411,065 was paid on 31 March 2017; and

(b) a second interim dividend of 3 sen per ordinary share under the single-tier dividend system totalling RM8,205,533 was paid on 23 October 2017.

In respect of the financial year ended 31 December 2016, the following dividend payments were made:

(a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,712,698 was paid on 31 March 2016;

(b) an interim special dividend of 35 sen per ordinary share under the single-tier dividend system totalling RM100,760,468 was paid on 5 August 2016; and

(c) a second interim dividend of 3 sen per ordinary share under the single-tier dividend system totalling RM8,251,667 was paid on 10 October 2016.

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

The Company declared a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,205,533 payable on 25 April 2018 in respect of the financial year ending 31 December 2018.

33 BASIC EARNINGS PER SHARE - GROUP

The basic earnings per ordinary share is calculated by dividing the Group's total net profit from continuing and discontinued operations after NCI as stated below over the weighted average number of ordinary shares of the Company in issue during the financial year of 273,518,000 shares (2016: 284,268,000 shares), net of treasury shares.

	2017	2016
	RM'000	RM'000
Profit/(loss) for the financial year from continuing operations after NCI	25,136	(20,399)
Profit for the financial year from discontinued operations after NCI	-	282,689
Profit for the financial year attributable to the owners of the Company	25,136	262,290

34 BUSINESS COMBINATION AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 19 April 2017, the Company via its wholly owned subsidiary, MAAIG has completed the subscription of additional 300,000 new shares with par value of PHP1,000 per share totalling PHP300 million (approximately RM27,255,000) in MAAGAP. Upon the completion of the subscription, MAAIG's equity interest in MAAGAP increased from 40% to 70%, making MAAGAP a subsidiary of the Group.

Details of the considerations transferred, the net assets acquired and reserve arising from business combination are as follows:

		RM'000
(a)	Considerations transferred:	
	Cash paid	27,255
	Acquisition related costs	125
	Total considerations transferred	27,380

(b) Acquisition related costs

The Group incurred acquisition-related costs of RM124,680 that were directly attributable to the issue of shares have been included as part of consideration transferred.

(c) Fair value of identifiable assets acquired and liabilities assumed

The following table summarised the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	RM'000
Property, plant and equipment (Note 4)	1,514
Intangible assets (Note 6)	73
Deferred tax assets	425
Investments	156,804
AFS financial assets	156,534
LAR	270
Reinsurance assets (Note 17)	31,554
Insurance receivables	47,763
Deferred acquisition costs (Note 14)	16,321
Other receivables	3,362
Cash and cash equivalents	22,376
Insurance contract liabilities (Note 17)	(142,650)
Insurance payables	(8,681)
Deferred reinsurance commissions (Note 14)	(1,579)
Other payables	(38,767)
Retirement benefit liability (Note 20)	(479)
Current tax liabilities	(2,060)
AFS reserves	1,819
Foreign exchange reserves	546
Total fair value of identifiable net assets acquired	88,341

34 BUSINESS COMBINATION AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS (continued)

Details of the considerations transferred, the net assets acquired and reserve arising from business combination are as follows: (continued)

(d) Assets and liabilities of MAAGAP were remeasured at their respective fair value at the acquisition date as follows:

Reserve arising from business combination

	RM'000
Total considerations transferred	27,380
Fair value of previously held equity interest	24,434
Fair value of NCI	26,502
	78,316
Less: total fair value of identifiable net assets acquired	(88,341)
Reserve arising from business combination (Note 28)	(10,025)

The reserve arising from business combination is attributable to the workforce and the high probability of the acquired business. It will not be deductible for tax purposes.

	RM'000
(e) Gain on remeasurement of previously held equity investments	
Fair value of previously held equity interest	24,435
Less: carrying amount immediately before the acquisition date (Note 8)	(22,041)
Less: accumulated share of other comprehensive loss before the acquisition date	(728)
Gain on remeasurement (Note 28)	1,666
Deferred tax liabilities impact (Note 9)	(575)
	1,091

(f) Net cashflows to the Group

Total considerations transferred	(27,380)
Cash and cash equivalents	22,376
Net cash outflow from business combination	(5,004)

On 31 May 2017, MAAIG's equity interest in MAAGAP increased to 74% via the settlement of the amounts due by MAAGAP by issuance of 82,123 new MAAGAP shares at par value of PHP1,000 per share as disclosed in Note 15 to the financial statements.

The effect of the changes in the equity interest of MAAGAP on the equity attributable to the owners of the Company is as follows:

	RM'000
Carrying amount of NCI acquired	3,108
Fair value of consideration transferred	3,603
A decrease in equity attributable to owners of the Group	(495)

34 BUSINESS COMBINATION AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS (continued)

On 11 December 2017, MAAIG's equity interest in MAAGAP increased further to 99% via share purchase from other shareholders of MAAGAP as disclosed in Note 11 to the financial statements.

The effect of the changes in the equity interest of MAAGAP on the equity attributable to the owners of the Company is as follows:

	RM'000
Carrying amount of NCI acquired	21,302
Fair value of consideration transferred	7,150
An increase in equity attributable to owners of the Group	14,152

MAAGAP contributed operating revenue of RM102,944,000 with a profit after taxation of RM8,978,000 to the Group for the financial year from the date of business combination.

If the business combination had occurred on 1 January 2017, the Group would have shown a proforma operating revenue of RM168,653,000 and profit after taxation of RM30,320,000 for the financial year ended 31 December 2017.

35 DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries carried out during the previous financial year ended 31 December 2016 were:

(i) On 31 March 2016, MAA Corp had completed the disposal of its entire equity interest in MAA Card for a total cash consideration of the aggregate of RM1.0 million and the amount equivalent to the final net current asset of MAA Card on completion date.

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

Details of the disposal of MAA Cards were as follows:

GROUP

	At date of disposal RM'000
Property, plant and equipment	15
Intangible assets	18
Trade and other receivables	400
Fixed and call deposits	5,537
Cash and cash equivalents	534
Trade and other payables	(1,456)
Net assets	5,048
Net disposal proceeds	(6,015)
Gain on disposal to the Group (Note 31(c))	(967)

The net cash flow on disposal was determined as follows:

Net cash received	6,015
Cash and cash equivalents of disposed subsidiary	(534)
Cash inflow to the Group on disposal	5,481

35 DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries carried out during the previous financial year ended 31 December 2016 were: (continued)

(ii) On 30 June 2016, the Company had completed the disposal of its 75% equity interest in MAA Takaful to Zurich for a cash consideration of RM393.75 million.

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

Details of the disposal of MAA Takaful were as follows:

GROUP

	At date of disposal
	RM'000
Property, plant and equipment (Note 4)	9,661
Intangible assets (Note 6)	2,745
Deferred tax assets	2,964
Retakaful assets	282,440
Investments	475,275
Financial assets at FVTPL	332,121
AFS financial assets	86,370
HTM financial assets	40,628
Loans and receivables	16,156
Takaful receivables	55,075
Other receivables	15,569
Cash and cash equivalents	264,211
Takaful contract liabilities	(860,232)
Deferred tax liabilities	(989)
Takaful payables	(79,177)
Other payables	(49,257)
Current tax liabilities	(6,053)
Net assets	112,232
Less: NCI	(28,241)
	83,991
Net disposal proceeds(*)	(364,399)
Gain on disposal to the Group (Note 31(c))	(280,408)

The net cash flow on disposal was determined as follows:

Net disposal proceeds(*)	364,399
Less: Retained Consideration(**)	(93,750)
Net cash received	270,649
Cash and cash equivalents of disposed subsidiary	(264,211)
Cash inflow to the Group on disposal	6,438

35 DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries carried out during the previous financial year ended 31 December 2016 were: (continued)

(ii) Details of the disposal of MAA Takaful were as follows: (continued)

COMPANY

	At date of disposal RM'000
Cost of investment	75,000
Net disposal proceeds(*)	(364,399)
Gain on disposal to the Company (Note 31)	289,399

The net cash flow on disposal was determined as follows:

Net disposal proceeds(*)	364,399
Less: Retained Consideration(**)	(93,750)
Net cash received	270,649

(*) The net disposal proceeds of the Group were derived from sale consideration of RM393,750,000 less a downward adjustment of RM29,351,000 pursuant to income statement and statement of financial position of MAA Takaful for the period from 1 January 2015 to the completion date on 30 June 2016, which were prepared in accordance with the terms of the SPA and agreed by all parties.

(**) The Retained Consideration of RM93,750,000 from the disposal of MAA Takaful will be receivable on the third anniversary of the sale completion date failing on 30 June 2019.

36 DECONSOLIDATION OF SUBSIDIARIES

(a) On 30 August 2017, the Group has appointed liquidators to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 for the following wholly owned inactive subsidiaries:

a) Keris Murni Sdn Bhd ("KMSB");
b) Jaguh Suria Sdn Bhd ("JSSB");
c) Genting Mutiara Sdn Bhd ("GMSB"); and
d) Pelangi Tegas Sdn Bhd ("PTSB").

KMSB is a 30% owned associated company of MAA Corp and 70% subsidiary of MAA Credit Berhad, who in turn are wholly-owned subsidiaries of the Company. JSSB and GMSB are wholly-owned subsidiary of KMSB. PTSB is a wholly deconsolidation of subsidiaries owned subsidiary of Kasturi Academia Sdn Bhd, who in turn is a wholly-owned subsidiary of MAA Corp.

With the relinquishment of the Group's control and involvement over these subsidiaries to the liquidators, these companies ceased to be subsidiaries of the Group with effect from 30 August 2017 and are deconsolidated from the Group on that date.

Details of the deconsolidation are as follows:

GROUP

	At date of deconsolidation RM'000
Tax recoverable	20
Cash and cash equivalents	732
Trade and other payables	(84)
Net assets/Loss on deconsolidation to the Group (Note 28)	668

The net cash flow on deconsolidation was determined as follows:

Net cash received	-
Cash and cash equivalent of deconsolidated subsidiaries	(732)
Cash outflow from the Group arising deconsolidation of subsidiaries	(732)

(b) On 22 November 2017, MAA Corporate and Compliance Philippines, Inc. ("MAACC"), a wholly-owned subsidiary of the Group has obtained approval from the Securities and Exchange Commission of Philippines for the dissolution of the company vide the Certificate of Dissolution dated on even date. With this, MAACC ceased to be subsidiary of the Group with effect from 22 November 2017 and is deconsolidated from the Group on that date.

Details of the deconsolidation are as follows:

GROUP

	At date of deconsolidation RM'000
Cash and cash equivalents	5
Foreign exchange reserve	9
Net assets/Loss on deconsolidation to the Group (Note 28)	14

The net cash flow on deconsolidation was determined as follows:

Net cash received	-
Cash and cash equivalent of deconsolidated subsidiary	(5)
Cash outflow from the Group arising deconsolidation of subsidiary	(5)

37 CHANGE IN ACCOUNTING POLICY

During the financial year, the Group adopted the new valuation standards for premium liabilities to measure the unearned premium reserve ("UPR"). The new valuation standards require the UPR to be calculated based on the 24th method for all business, on a gross of reinsurance basis and for policies with a policy duration of less than one (1) year or more than one (1) year, the UPR shall consider the actual unearned premium from the date of valuation (policy inception date) to the date of termination of the policy. Same policy was consistently applied in determining the UPR held by an associate of the Group which became the Group's subsidiary during the financial year.

Previously, the UPR is measured at 25% of premiums from policy booking date to policy termination date. There was no change to the inputs used to measure the UPR as at 1 January and 31 December 2016.

As a result of the change in accounting policy, prior year financial statements had to be restated. The following tables show the prior year adjustments for each individual line item.

	As previously stated	Effects of change in accounting policy	As restated
	RM'000	**RM'000**	**RM'000**
Group's statements of financial position			
As at 1.1.2016			
ASSETS			
Associates	67,954	(4,336)	63,618
EQUITY			
Retained earnings	112,643	(4,336)	108,307
As at 31.12.2016			
ASSETS			
Associates	71,692	(5,353)	66,339
EQUITY			
Retained earnings	240,164	(5,353)	234,811
Group's statements of profit or loss			
For the financial year ended 31 December 2016			
Share of profit of associates, net of tax	4,728	(1,017)	3,711
Loss before taxation	(19,316)	(1,017)	(20,333)
Loss for the financial year from continuing operations	(19,382)	(1,017)	(20,399)
Profit for the financial year	263,759	(1,017)	262,742
Profit for the financial year attributable to owners of the Company	263,307	(1,017)	262,290
Basic earnings per ordinary share attributable to owners of the Company			
- Continuing operations	(6.82)	(0.36)	(7.18)
- Discontinued operations	99.44	-	99.44
	92.62	(0.36)	92.26

37 CHANGE IN ACCOUNTING POLICY (continued)

As a result of the change in accounting policy, prior year financial statements had to be restated. The following tables show the prior year adjustments for each individual line item. (continued)

	As previously stated	Effects of change in accounting policy	As restated
	RM'000	**RM'000**	**RM'000**
Group's statements of cash flows			
For the financial year ended 31 December 2016			
Loss for the financial year from continuing operations	(19,382)	(1,017)	(20,399)
Share of profit of associates	(4,728)	1,017	(3,711)

The following tables show the effects of change in accounting policy on the current financial year's financial statements.

	Before change in accounting policy	Effects of change in accounting policy	After change in accounting policy
	RM'000	**RM'000**	**RM'000**
Group's statements of financial position			
As at 31.12.2017			
LIABILITIES			
Insurance contract liabilities	153,760	(2,792)	150,968
EQUITY			
Retained earnings	267,805	(8,665)	259,140
NCI	3,783	(483)	3,300
Group's statements of profit or loss			
For the financial year ended 31 December 2017			
Gross earned premiums	98,565	8	98,573
Premiums ceded to reinsurers	(25,468)	(2,921)	(28,389)
Net earned premiums	73,097	(2,913)	70,184
Other operating income/(expenses)-net:			
Gain on remeasurement of previously held equity interest in an associate	2,496	(830)	1,666
Commission income	1,838	23	1,861
Commission expenses	(23,776)	98	(23,678)
Share of profit of associates, net of tax	8,471	(835)	7,636
Profit before taxation	33,085	(4,457)	28,628
Taxation	(2,946)	662	(2,284)
Profit for the financial year from continuing operations	30,139	(3,795)	26,344
Profit for the financial year	30,139	(3,795)	26,344
Profit for the financial year attributable to:			
- Owners of the Company	28,448	(3,312)	25,136
- NCI	1,691	(483)	1,208
Basic earnings per ordinary share attributable to owners of the Company			
- Continuing operations	10.40	(1.21)	9.19

37 CHANGE IN ACCOUNTING POLICY (continued)

The following tables show the effects of change in accounting policy on the current financial year's financial statements. (continued)

	Before change in accounting policy	Effects of change in accounting policy	After change in accounting policy
	RM'000	RM'000	RM'000
Group's statements of cash flows			
For the financial year ended 31 December 2017			
Profit for the financial year from continuing operations	30,139	(3,795)	26,344
Share of profit of associate	(8,471)	835	(7,636)
Increase in insurance contract liabilities	20,298	(2,792)	17,506

38 CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

There were no significant capital expenditure contracted for but not yet incurred at the date of the statement of financial position on 31 December 2017 and 31 December 2016 respectively.

(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 profit or loss during the year is disclosed in Note 29 to the financial statements.

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

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
No later than 1 year	1,818	775	456	386
Later than 1 year and no later than 3 years	2,499	-	874	-
	4,317	775	1,330	386

39 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 Industrial Group Berhad	Company controlled by certain Directors of the Company
Mycron Steel Berhad	Company controlled by certain Directors of the Company
Melewar Integrated Engineering Sdn Bhd	Company controlled by certain Directors of the Company

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries:				
Interest income from advances to subsidiaries	-	-	698	2,009
Management fee income from subsidiaries	-	-	636	869
Office support fee income from subsidiaries	-	-	55	6
Transactions with related parties:				
Rental income receivable from:				
Melewar Industrial Group Berhad	81	80	-	-
Melewar Equities Sdn Bhd	52	52	-	-
Trace Management Services Sdn Bhd	-	51	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	18	18	-	-
Melewar Equities Sdn Bhd	12	12	-	-
Human resource fee income receivable from				
Mycron Steel Berhad	106	-	106	-
Staff secondment fee income receivable from				
Melewar Integrated Engineering Sdn Bhd	128	-	128	-
Company secretarial and related fees payable to				
Trace Management Services Sdn Bhd	(230)	(332)	(210)	(219)

Related party receivables/payables

The balances with related parties at the financial year end are disclosed in Note 15 to the financial statements.

39 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly, including any director (whether executive or otherwise). The key management personnel of the Group and of the Company comprised the Chief Executive Officers, all the Directors and certain members of senior management.

Key management personnel received remuneration for services rendered during the financial year. Remuneration and emoluments received by Directors, Chief Executive Officers and other key management personnel of the Group and of the Company during the financial year were as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS				
Executive Directors:				
- salaries	4,779	4,339	3,951	3,913
- bonus	1,207	2,010	650	1,939
- defined contribution retirement benefits	788	1,032	745	964
- fees	11	-	-	-
- other emoluments	219	133	125	120
- estimated monetary value of benefits-in-kind	100	109	89	81
	7,104	7,623	5,560	7,017
Non-executive Directors:				
- fees	387	220	247	180
- other emoluments	116	79	95	77
	503	299	342	257
	7,607	7,922	5,902	7,274
Chief Executive Officers:				
- salaries	1,868	1,422	1,333	1,422
- bonus	737	1,417	222	1,417
- defined contribution retirement benefits	249	454	249	454
- fees	11	-	-	-
- other emoluments	72	-	-	-
- estimated monetary value of benefits-in-kind	52	51	52	51
	2,989	3,344	1,856	3,344
Other key management personnel:				
- short term employee benefits	2,681	2,942	1,845	2,365

40 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's operating segments as described below 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).

he following summary describes the operations in each of the Group's operating segments for the current financial year ended 31 December 2017:

- Investment holdings
- Education services
- Retail mortgage lending business
- General insurance business

Other segments comprise money lending, hire purchase and other credit activities, property management and consultancy services.

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.

40 SEGMENTAL INFORMATION (continued)

CONTINUING OPERATIONS

Financial year ended 31 December 2017

	Investment holdings	Education services	Retail mortgage lending and loan securitisation	General insurance	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	10,900	5,005	-	102,944	175	119,024
Net earned premiums (Note 23)	-	-	-	70,184	-	70,184
Interest income (Note 24)	9,264	1	-	3,794	58	13,117
Write back of impairment loss on loans from money lending, hire purchase and other credit activities – net (Note 28)	-	-	-	-	2	2
Other revenue	25,255	4,700	-	5,442	141	35,538
Net claims incurred	-	-	-	(33,352)	-	(33,352)
Allowance for impairment loss on other receivables (Note 29)	(44)	-	-	-	-	(44)
Write back of impairment loss on insurance receivables (Note 29)	-	-	-	95	-	95
Other expenses	(21,933)	(5,036)	-	(35,319)	(1,227)	(63,515)
Depreciation (Note 29)	(675)	(77)	-	(198)	(4)	(954)
Amortisation (Note 29)	(56)	(8)	-	-	(6)	(70)
Finance cost	-	-	-	(9)	-	(9)
Profit/(loss) by segments	11,811	(420)	-	10,637	(1,036)	20,992
Share of profit of associates	-	-	6,150	1,486	-	7,636
Profit/(loss) before taxation	11,811	(420)	6,150	12,123	(1,036)	28,628

40 **SEGMENTAL INFORMATION** (continued)

CONTINUING OPERATIONS

Financial year ended 31 December 2016

	Investment holdings	Education services	Retail mortgage lending and loan securitisation	General insurance	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	11,366	6,536	-	-	157	18,059
Interest income (Note 24)	10,832	3	-	-	49	10,884
Write back of impairment loss on loans from money lending, hire purchase and other credit activities – net (Note 28)	-	-	-	-	6	6
Other revenue	(4,583)	6,625	-	-	215	2,257
Allowance for impairment loss on other receivables (Note 29)	(1,407)	-	-	-	-	(1,407)
Other expenses	(25,967)	(6,577)	-	-	(2,326)	(34,870)
Depreciation (Note 29)	(728)	(98)	-	-	(2)	(828)
Amortisation (Note 29)	(71)	(8)	-	-	(7)	(86)
Loss by segments	(21,924)	(55)	-	-	(2,065)	(24,044)
Share of profit of associates	-	-	1,519	2,192	-	3,711
(Loss)/profit before taxation	(21,924)	(55)	1,519	2,192	(2,065)	(20,333)

40 SEGMENTAL INFORMATION (continued)

DISCONTINUED OPERATIONS

Financial year ended 31 December 2016

	Investment holdings	Takaful business	Other segments	Group
	RM'000	RM'000	RM'000	RM'000
External revenue	-	279,237	142	279,379
Net earned contributions (Note 31(a))	-	169,265	-	169,265
Interest/profit income (Note 31(b))	-	9,031	38	9,069
Other revenue	281,375	11,915	104	293,394
Net takaful benefits and claims	-	(93,000)	-	(93,000)
Allowance for impairment loss on other receivables (Note 31 (h))	-	(27)	-	(27)
Write back of impairment loss on takaful receivables (Note 31 (h))	-	827	-	827
Other expenses	-	(89,017)	(337)	(89,354)
Depreciation (Note 31 (h))	-	(1,283)	(4)	(1,287)
Amortisation (Note 31 (h))	-	(631)	(6)	(637)
Profit/(loss) by segments	281,375	7,080	(205)	288,250
Tax expenses attributable to participants	-	(1,380)	-	(1,380)
Profit/(loss) before taxation	281,375	5,700	(205)	286,870

40 SEGMENTAL INFORMATION (continued)

	Investment holdings	Education services	General insurance	Other segments	Group
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2017					
Segment assets	426,664	759	292,492	6,220	726,135
Associates *	52,460	-	-	-	52,460
Total assets	479,124	759	292,492	6,220	778,595
31 December 2016					
Segment assets	485,532	1,564	-	5,344	492,440
Associates *	66,339	-	-	-	66,339
Total assets	551,871	1,564	-	5,344	558,779

* As at 31 December 2016, the associates were engaged in general insurance, retail mortgage lending and loan securitisation activities. During the financial year ended 31 December 2017, the associated company, MAAGAP which held the general insurance business became a subsidiary, leaving the remaining associate engaged in retail mortgage lending and loan securitisation activities as an associate as at 31 December 2017.

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	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia				
- Continuing operations	16,069	18,051	123,059	92,132
- Discontinued operations	-	279,379	-	-
	16,069	297,430	123,059	92,132
Philippines	102,955	-	1,627	-
Indonesia	-	-	11,089	11,122
London	-	-	9,203	8,702
Others	-	8	-	-
	119,024	297,438	144,978	111,956

41 CAPITAL MANAGEMENT

The Group's capital management underlying objective is to manage capital and to allocate funds and 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 2017.

42 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 and is supported by the Group Audit and Risk Department. As for the operation in Philippines and Australia, the risk management function is supported by their own internal team who 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 to act as a platform for two-way communication between the Management and the Board. The two management committees are Executive Committee and Business 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.

43 INSURANCE RISK

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount of any resulting claim. The principal risk the General insurance subsidiary faces under such contracts is that the actual claims and benefits payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, when actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

The General insurance subsidiary principally issues the following types of general insurance contract: fire, motor, health and accident, aviation/hull, marine, engineering, professional indemnity, bonds, fidelity guarantee and surety. Risks under general insurance policies usually cover twelve month duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities.

These risks vary significantly in relation to the location of the risk insured by the General insurance subsidiary, type of risk insured and by industry. Undue concentration by amounts can have a further impact on the severity of benefit payments on a portfolio basis.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, 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 are all policies and procedures put in place to reduce the risk exposure of the General insurance subsidiary. The General insurance subsidiary further 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 company.

The General insurance subsidiary has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, for example, hurricanes, earthquakes and flood damages.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the General insurance subsidiary's risk appetite as decided by management.

The following table sets out the concentration of the claims liabilities by the type of contract:

	Gross claims liabilities	Reinsurers' share of claims liabilities	Net claims liabilities
	RM'000	RM'000	RM'000
31 December 2017			
Fire	32,636	(14,679)	17,957
Motor	29,158	(999)	28,159
Marine	5,476	(2,577)	2,899
General accounts	6,151	(2,929)	3,222
Bonds	3,460	(1,110)	2,350
Personal accident	957	(106)	851
Engineering	2,141	(1,057)	1,084
	79,979	(23,457)	56,522

There is no concentration of the claims liabilities as at 31 December 2016 as the General insurance subsidiary only became a subsidiary on 19 April 2017.

43 INSURANCE RISK (continued)

Terms and Conditions

The major classes of general insurance written by the General insurance subsidiary include fire, marine, and motor insurance.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the end of the reporting period.

The provisions are refined quarterly as part of a regular ongoing process as claims experience developed, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Claims provisions are separately analysed by class of business. In addition, larger claims are usually separately assessed by loss adjusters. The claims projection assumptions are generally intended to provide a best estimate of the most likely or expected outcome.

Assumptions

The principal assumption underlying the estimates is the General insurance subsidiary's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example one off 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.

Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The general insurance claims liabilities are sensitive to the key assumptions shown below. The sensitivity of certain assumptions, such as legislative changes, uncertainty in the estimation process, etc. is not possible to quantify.

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 equity.

	Change in assumptions	Increase on gross liabilities	Increase on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
	%	RM'000	RM'000	RM'000	RM'000
31 December 2017					
Average claim cost	+15%	11,997	8,478	(8,478)	(5,935)
Average number of claims	+10%	7,998	686	(686)	(480)

No analysis was performed for the impact on gross and net liabilities as at 31 December 2016 as the General insurance subsidiary only became a subsidiary on 19 April 2017.

43 INSURANCE RISK (continued)

Claims Development Table

The following tables show the development of claims over a period of time on gross and net reinsurance basis.

The tables reflect the cumulative incurred claims for each successive year at end of the reporting period with cumulative payments to-date.

The General insurance subsidiary aims to maintain strong claim reserves in order to protect against future claims experience and development. As claims develop and ultimate costs of claims become certain, the absence of adverse claims experience will then result in a release of reserves from earlier accident years.

Gross General Insurance Contract Liabilities for 2017

Accident year /Development year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2007	99,410	116,897	122,345	125,245	123,770	123,286	123,208	123,254	123,346	123,383	124,566	124,566
2008	25,823	26,078	26,457	25,700	25,540	25,546	25,567	25,596	25,629	25,605	-	25,605
2009	55,729	50,286	53,824	53,933	53,927	53,842	53,243	53,254	53,219	-	-	53,219
2010	26,301	24,559	25,821	26,286	26,093	26,073	26,050	25,963	-	-	-	25,963
2011	29,020	27,612	27,649	26,092	25,905	25,842	25,798	-	-	-	-	25,798
201	33,899	30,975	28,676	28,382	28,218	28,136	-	-	-	-	-	28,136
2013	66,511	57,064	53,516	52,758	52,434	-	-	-	-	-	-	52,434
2014	35,237	31,591	29,842	27,235	-	-	-	-	-	-	-	27,235
2015	42,503	39,059	35,170	-	-	-	-	-	-	-	-	35,170
2016	48,405	49,250	-	-	-	-	-	-	-	-	-	49,250
2017	65,758	-	-	-	-	-	-	-	-	-	-	65,758
Current estimate of cumulative claims incurred	65,758	49,250	35,170	27,235	52,434	28,136	25,798	25,963	53,219	25,605	124,566	513,134
Cumulative payments to date	(17,422)	(30,062)	(31,801)	(25,878)	(49,119)	(27,833)	(25,788)	(25,557)	(52,309)	(25,573)	(121,813)	(433,155)
Gross insurance contract liabilities (excluded provision for IBNR)	48,336	19,188	3,369	1,357	3,315	303	10	406	910	32	2,753	79,979

43 INSURANCE RISK (continued)

Claims Development Table (continued)

Net General Insurance Contract Liabilities for 2017

Accident year /Development year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2007	56,766	70,710	78,943	82,184	83,385	83,141	83,051	83,067	83,087	83,091	83,752	83,752
2008	12,356	13,262	13,826	13,245	13,125	13,131	13,101	13,103	13,107	13,108	-	13,108
2009	15,737	16,746	16,817	16,995	17,017	16,944	16,820	16,831	16,829	-	-	16,829
2010	14,862	13,114	13,515	13,498	13,347	13,364	13,354	13,344	-	-	-	13,344
2011	16,081	15,672	15,659	14,808	14,720	14,723	14,713	-	-	-	-	14,713
2012	16,506	17,129	16,029	16,035	16,023	15,994	-	-	-	-	-	15,994
2013	23,535	22,611	19,543	20,188	20,138	-	-	-	-	-	-	20,138
2014	23,774	22,821	21,755	20,552	-	-	-	-	-	-	-	20,552
2015	35,501	32,053	29,677	-	-	-	-	-	-	-	-	29,677
2016	42,227	41,214	-	-	-	-	-	-	-	-	-	41,214
2017	53,848	-	-	-	-	-	-	-	-	-	-	53,848
Current estimate of cumulative claims incurred	53,848	41,214	29,677	20,552	20,138	15,994	14,713	13,344	16,829	13,108	83,752	323,169
Cumulative payments to date	(17,000)	(27,591)	(26,409)	(19,820)	(18,965)	(15,818)	(14,713)	(13,309)	(16,827)	(13,104)	(83,091)	(266,647)
Net insurance contract liabilities (excluded provision for IBNR)	36,848	13,623	3,268	732	1,173	176	-	35	2	4	661	56,522

44 FINANCIAL RISK

The Group and the Company are exposed to a variety of financial risks that includes credit risk, liquidity risk, market risk (which comprise of currency risk, interest rate risk and price risk) and operational risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for its shareholders whilst minimising potential exposure to adverse effects on the financial performance and positions.

The Group and the Company are guided by risk management policies which set out the overall business strategies and the general risk management philosophy.

The Group manages these positions within the risk management policies of the General insurance subsidiary to achieve long term investment returns in excess its obligations under the insurance contracts. The key principles of the policies are to match assets to the liabilities by reference to the type of benefits payable to policyholders. 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 liabilities.

The note below explains how financial risks are managed by the Group. In particular, the risk management policies require the management of interest rate risk, price risk and liquidity risk at the portfolio level. Credit risk is managed on a group-wide basis. The following notes are in relation to the Group's management disclosure with respect to credit risk, liquidity risk, interest rate risk, and price risk.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

The Group and the Company's primary exposure to credit risk arise through (i) investments in fixed income securities and (ii) receivables including insurance receivables and reinsurance assets. For investments in corporate debt securities, a downgrade of credit rating or widening of credit spread may also incur financial loss.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurance operator. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the insurers. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

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.

Credit Risk Exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position.

	GROUP		**COMPANY**	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVTPL:				
Unit trusts*	2,043	2,086	-	-
Equity securities*	17,267	-	17,267	-
AFS financial assets:				
Government debt securities	49,065	-	-	-
Corporate debt securities	49,016	-	-	-
Equity securities*	112,667	36,779	22,006	5,084
Loans and receivables:				
Loans	8	7,159	1	7
Fixed and call deposits	105,489	133,381	100,990	133,381
Insurance receivables	44,322	-	-	-
Trade and other receivables	97,591	131,705	90,975	131,477
Cash and cash equivalents	141,226	157,074	105,970	139,224
	618,694	468,184	337,209	409,173

* Not subject to credit risk.

44 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									
	Government Guaranteed	**AAA**	**AA**	**A**	**BBB**	**Not rated**	**Not subject to credit risk**	**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 2017										
Financial assets at FVTPL:										
Unit trusts	-	-	-	-	-	-	2,043	-	-	2,043
Equity securities	-	-	-	-	-	-	17,267	-	-	17,267
AFS financial assets:										
Government debt securities	49,065	-	-	-	-	-	-	-	-	49,065
Corporate debt securities	-	49,016	-	-	-	-	-	-	-	49,016
Equity securities	-	-	-	-	-	-	112,667	-	-	112,667
Loans and receivables:										
Loans	-	-	-	-	-	8	-	-	20,903	20,911
Fixed and call deposits	-	100,990	-	-	4,499	-	-	-	-	105,489
Insurance receivables	-	-	-	-	-	31,604	-	12,718	1,770	46,092
Trade and other receivables	524	591	89,791	-	8	3,997	2,680	-	21,792	119,383
Cash and cash equivalents	-	30,442	86,285	-	24,446	36	17	-	-	141,226
Allowance for impairment loss	-	-	-	-	-	-	-	-	(44,465)	(44,465)
	49,589	181,039	176,076	-	28,953	35,645	134,674	12,718	-	618,694

44 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**	**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**
31 December 2016									
Financial assets at FVTPL:									
Unit trusts	-	-	-	-	-	2,086	-	-	2,086
AFS financial assets:									
Equity securities	-	-	-	-	-	36,779	-	-	36,779
Loans and receivables:									
Loans	-	-	-	-	7,159	-	-	20,905	28,064
Fixed and call deposits	133,381	-	-	-	-	-	-	-	133,381
Trade and other receivables	-	87,950	-	-	43,755	-	-	30,492	162,197
Cash and cash equivalents	61,029	96,003	-	-	42	-	-	-	157,074
Allowance for impairment loss	-	-	-	-	-	-	-	(51,397)	(51,397)
	194,410	183,953	-	-	50,956	38,865	-	-	468,184

44 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating (continued)

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	**AA**	**A**	**Not rated**	**Not subject to credit risk**	**Past due and impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2017							
Financial assets at FVTPL:							
Equity securities	-	-	-	-	17,267	-	17,267
AFS financial assets:							
Equity securities	-	-	-	-	22,006	-	22,006
Loan and receivables:							
Loans	-	-	-	1	-	-	1
Fixed and call deposits	100,990	-	-	-	-	-	100,990
Trade and other receivables	-	89,791	-	1,184	-	204	91,179
Cash and cash equivalents	26,942	79,025	-	3	-	-	105,970
Allowance for impairment loss	-	-	-	-	-	(204)	(204)
	127,932	168,816	-	1,188	39,273	-	337,209
31 December 2016							
AFS financial assets:							
Equity securities	-	-	-	-	5,084	-	5,084
Loan and receivables:							
Loans	-	-	-	7	-	-	7
Fixed and call deposits	133,381	-	-	-	-	-	133,381
Trade and other receivables	-	87,950	-	43,527	-	41,618	173,095
Cash and cash equivalents	55,414	83,807	-	3	-	-	139,224
Allowance for impairment loss	-	-	-	-	-	(41,618)	(41,618)
	188,795	171,757	-	43,537	5,084	-	409,173

44 FINANCIAL RISK (continued)

Credit Risk (continued)

Age analysis of financial assets past due but not impaired

The table below shows the analysis of age of financial assets that are past due but are not impaired:

	Past due but not impaired				
	< 30 days	31 to 60 days	61 to 90 days	>90 days	Total past due but not impaired
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2017					
Insurance receivables:					
Due from brokers and agents	4,308	2,729	2,158	2,766	11,961
Due from ceding companies	287	80	66	127	560
Reinsurance recoverable on paid losses	156	41	-	-	197
	4,751	2,850	2,224	2,893	12,718

The standard credit term given by the General insurance subsidiary is 90 days. However, accounts more than 90 days may be past due but not necessarily impaired. A 180 days credit term is given to these accounts with reciprocal business and those accounts involving bigger amount of sum insured of fleet amounts which as practised are subject to quarterly remittance schedule.

There is no aged analysis of financial assets past due but not impaired as at 31 December 2016 as the General insurance subsidiary only became a subsidiary on 19 April 2017.

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 are usually met through on-going normal operations, premiums 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.

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 contract liabilities and reinsurance assets, the maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

44 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

	Carrying value	Up to a year	2 - 3 years	4 - 5 years	Over 5 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2017							
Financial assets at FVTPL:							
Unit trusts	2,043	-	-	-	-	2,043	2,043
Equity securities	17,267	-	-	-	-	17,267	17,267
AFS financial assets:							
Government debt securities	49,065	3,241	1,853	20,083	23,888	-	49,065
Corporate debt securities	49,016	-	288	15,836	32,892	-	49,016
Equity securities	112,667	-	-	-	-	112,667	112,667
Loans and receivables:							
Loans	8	5	3	-	-	-	8
Fixed and call deposits	105,489	106,634	-	-	-	-	106,634
Reinsurance assets – provision for outstanding claims	29,066	29,066	-	-	-	-	29,066
Insurance receivables	44,322	44,322	-	-	-	-	44,322
Trade and other receivables	97,591	7,800	89,791	-	-	-	97,591
Cash and cash equivalents	141,226	141,366	-	-	-	-	141,366
	647,760	332,434	91,935	35,919	56,780	131,977	649,045
Insurance contract liabilities – provision for outstanding claims	90,163	90,163	-	-	-	-	90,163
Insurance payables	8,656	8,656	-	-	-	-	8,656
Trade and other payables	52,101	50,858	1,232	11	-	-	52,101
	150,920	149,677	1,232	11	-	-	150,920

44 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

	Carrying value	Up to a year	2 - 3 years	4 - 5 years	Over 5 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2016							
Financial assets at FVTPL:							
Unit trusts	2,086	-	-	-	-	2,086	2,086
AFS financial assets:							
Equity securities	36,779	-	-	-	-	36,779	36,779
Loans and receivables:							
Loans	7,159	7,157	2	-	-	-	7,159
Fixed and call deposits	133,381	135,094	-	-	-	-	135,094
Trade and other receivables	131,705	43,755	87,950	-	-	-	131,705
Cash and cash equivalents	157,074	157,416	-	-	-	-	157,416
	468,184	343,422	87,952	-	-	38,865	470,239
Trade and other payables	12,116	9,612	2,504	-	-	-	12,116

44 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

COMPANY

	Carrying Value	Up to a year	2 - 3 Years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2017					
Financial assets at FVTPL:					
Equity securities	17,267	-	-	17,267	17,267
AFS financial assets:					
Equity securities	22,006	-	-	22,006	22,006
Loans and receivables:					
Loans	1	1	-	-	1
Fixed and call deposits	100,990	102,135	-	-	102,135
Trade and other receivables	90,975	1,184	89,791	-	90,975
Cash and cash equivalents	105,970	106,084	-	-	106,084
	337,209	209,404	89,791	39,273	338,468
Trade and other payables	4,770	3,733	1,037	-	4,770
31 December 2016					
AFS financial assets:					
Equity securities	5,084	-	-	5,084	5,084
Loans and receivables:					
Loans	7	5	2	-	7
Fixed and call deposits	133,381	135,094	-	-	135,094
Trade and other receivables	131,477	43,527	87,950	-	131,477
Cash and cash equivalents	139,224	139,524	-	-	139,524
	409,173	318,150	87,952	5,084	411,186
Trade and other payables	4,615	3,578	1,037	-	4,615

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three (3) types of risk i.e. foreign exchange rate (currency risk), market interest rate (interest rates risk) and market price (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.

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's and the Company's primary transactions are carried out in RM. The Group has overseas subsidiary and associate that operate in Philippines and Australia whose revenue and expenses are denominated in Philippines Peso ("Peso") and Australia Dollar ("AUD") respectively. Some of the Group's and the Company's financial assets are held in USD, AUD, Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Thai Baht ("THB") and Indonesia Rupiah ("IDR"). Consequently, the Group and the Company are exposed to risks of fluctuation of these other foreign currencies exchange rates to their functional currencies.

Foreign exchange transaction risk impacting the Group's and the Company's profit or loss arises both from external investing activities and intra-company operating activities. Currency risk relating to investing and operating activities in the normal course of business are generally not hedged.

44 FINANCIAL RISK (continued)

Market Risk (continued)

Currency Risk (continued)

The Group's and the Company's exposure to foreign currency risk, based on carrying value amounts as at the end of the reporting period was:

	USD	AUD	SGD	HKD	THB	IDR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP							
31 December 2017							
Investments:							
Financial assets at FVTPL	1,263	-	3,133	1,106	2,728	1,118	9,348
AFS financial assets	-	22,006	-	-	-	-	22,006
Cash and cash equivalents	8,903	-	4,586	3,815	-	-	17,304
	10,166	22,006	7,719	4,921	2,728	1,118	48,658
31 December 2016							
Investments:							
AFS financial assets	-	5,084	-	-	-	-	5,084
COMPANY							
31 December 2017							
Investments:							
Financial assets at FVTPL	1,263	-	3,133	1,106	2,728	1,118	9,348
AFS financial assets	-	22,006	-	-	-	-	22,006
Cash and cash equivalents	3,903	-	4,586	3,815	-	-	12,304
	5,166	22,006	7,719	4,921	2,728	1,118	43,658
31 December 2016							
Investments:							
AFS financial assets	-	5,084	-	-	-	-	5,084

44 FINANCIAL RISK (continued)

Market Risk (continued)

Currency Risk (continued)

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other variables held constant, showing the impact of statements of profit or loss and other comprehensive income and changes in equity.

		31.12.2017		31.12.2016	
	Changes in variables	Impact on profit before tax	Impact on equity*	Impact on profit before tax	Impact on equity*
		RM'000	RM'000	RM'000	RM'000
GROUP					
USD	+ 5%	508	386	-	-
USD	- 5%	(508)	(386)	-	-
AUD	+ 5%	1,100	836	254	193
AUD	- 5%	(1,100)	(836)	(254)	(193)
SGD	+ 5%	386	293	-	-
SGD	- 5%	(386)	(293)	-	-
HKD	+ 5%	246	187	-	-
HKD	- 5%	(246)	(187)	-	-
THB	+ 5%	136	104	-	-
THB	- 5%	(136)	(104)	-	-
IDR	+ 5%	56	42	-	-
IDR	- 5%	(56)	(42)	-	-
COMPANY					
USD	+ 5%	258	196	-	-
USD	- 5%	(258)	(196)	-	-
AUD	+ 5%	1,100	836	254	193
AUD	- 5%	(1,100)	(836)	(254)	(193)
SGD	+ 5%	386	293	-	-
SGD	- 5%	(386)	(293)	-	-
HKD	+ 5%	246	187	-	-
HKD	- 5%	(246)	(187)	-	-
THB	+ 5%	136	104	-	-
THB	- 5%	(136)	(104)	-	-
IDR	+ 5%	56	42	-	-
IDR	- 5%	(56)	(42)	-	-

44 **FINANCIAL RISK** (continued)

Market Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group and the Company are exposed to interest rate risk primarily through their investments in fixed income securities and fixed and call deposit placements with licensed financial institutions. These investments are managed internally, aided by appointed investment advisors which are licensed investment fund managers. Interest rate risk is managed via management and monitoring of the portfolio duration with active support from the investment fund managers.

The Group and the Company have no significant concentration of interest rate risk.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact of statement of change in equity (that reflects adjustments to Profit before Tax and re-valuing fixed rate/yield AFS financial assets).

		31.12.2017		31.12.2016	
	Changes in variables	**Impact on profit before tax**	**Impact on equity***	**Impact on profit before tax**	**Impact on equity***
		RM'000	**RM'000**	**RM'000**	**RM'000**
GROUP					
Interest rate	+ 100 basis points	2,145	1,630	2,873	2,183
Interest rate	- 100 basis points	(2,145)	(1,630)	(2,873)	(2,183)
COMPANY					
Interest rate	+ 100 basis points	1,937	1,472	2,721	2,068
Interest rate	- 100 basis points	(1,937)	(1,472)	(2,721)	(2,068)

* 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.

44 FINANCIAL RISK (continued)

Market Risk (continued)

Price Risk

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), regardless 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 and manages the equity exposure against policies set and as agreed by the Investment Committees of the Company and subsidiary. 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 Group and the Company are exposed to price risk arising from investments held by the Group and the Company and classified in the statement of financial position as FVTPL and AFS financial assets that comprises quoted equities and unit trusts.

The analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing the impact of statements of profit or loss and other comprehensive income (due to changes in fair value of FVTPL financial assets whose changes in fair values are recorded in profit or loss) and statements of changes in equity (due to changes in fair value of AFS financial assets).

		31.12.2017		31.12.2016	
	Changes in variables	**Impact on profit before tax**	**Impact on equity***	**Impact on profit before tax**	**Impact on equity***
		RM'000	**RM'000**	**RM'000**	**RM'000**
GROUP					
FTSE Bursa Malaysia					
FBM KLCI	+15%	1,494	1,136	313	238
FBM KLCI	-15%	(1,494)	(1,136)	(313)	(238)
HKEX Hang Seng					
HSI	+15%	166	126	-	-
HSI	-15%	(166)	(126)	-	-
SGX Singapore Securities Market					
STI	+15%	659	501	-	-
STI	-15%	(659)	(501)	-	-
IDX Indonesia Stock Market					
JCI	+15%	168	127	-	-
JCI	-15%	(168)	(127)	-	-
SET Stock Exchange of Thailand					
SET	+15%	409	311	-	-
SET	-15%	(409)	(311)	-	-
ASX Australian Securities Exchange					
S&P/ASX 200	+15%	-	3,301	-	763
S&P/ASX 200	-15%	-	(3,301)	-	(763)
PSE Philippines Stock Exchange					
PSEi	+15%	9,237	6,466	-	-
PSEi	-15%	(9,237)	(6,466)	-	-

44 **FINANCIAL RISK** (continued)

Market Risk (continued)

Price Risk (continued)

	Changes in variables	31.12.2017 Impact on profit before tax RM'000	31.12.2017 Impact on equity* RM'000	31.12.2016 Impact on profit before tax RM'000	31.12.2016 Impact on equity* RM'000
COMPANY					
FTSE Bursa Malaysia					
FBM KLCI	+15%	1,188	903	-	-
FBM KLCI	-15%	(1,188)	(903)	-	-
HKEX Hang Seng					
HSI	+15%	166	126	-	-
HSI	-15%	(166)	(126)	-	-
SGX Singapore Securities Market					
STI	+15%	659	501	-	-
STI	-15%	(659)	(501)	-	-
IDX Indonesia Stock Market					
JCI	+15%	168	127	-	-
JCI	-15%	(168)	(127)	-	-
SET Stock Exchange of Thailand					
SET	+15%	409	311	-	-
SET	-15%	(409)	(311)	-	-
ASX Australian Securities Exchange					
S&P/ASX 200	+15%	-	3,301	-	763
S&P/ASX 200	-15%	-	(3,301)	-	(763)

* 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.

Operation Risk

Operational risk arises from inadequate or failed performance of business functions or internal processes. Exposure to this risk can cause deficiencies or breakdowns in internal controls or processes, technology and external events such as interruption of business operations due to a breakdown of IT systems, landslide or flood.

The Group has developed comprehensive operating policies and procedures manuals to enable all business units to implement, measure, monitor and control the risks in order to avoid or reduce losses. Furthermore, the Group's Risk Management and Internal Audit Department facilitates business units to review and ensure the current procedures adhere to all rules and regulations.

45 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.

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 MMLR, 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 MMLR, the Company is required to regularise its condition by undertaking a regularisation plan. The regularisation plan was required to be submitted to Bursa Securities on 30 September 2012, and was subsequently extended until to 30 June 2018 via Bursa Securities' letters dated 12 January 2018, 18 July 2017, 16 February 2017, 21 July 2016, 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 2018 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 2018;

(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 on the 6th market day after 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 3 January 2017, Labuan Financial Services Authority ("LFSA") granted approval to MAAIG to surrender the Labuan composite insurance license effective 31 January 2017. Thereafter MAAIG has remain as an investment holding company.

(c) On 11 April 2017, the Company entered into the following agreements for the Acquisition of Properties:

(i) supplemental sale and purchase agreement with PIMA Pembangunaan Sdn Bhd ("PIMA") to complete the purchase of 783 car parking bays situated at a commercial development known as Prima Klang Avenue ("Development") for a purchase price of RM3.5 million;

(ii) sale and purchase agreement with PIMA to purchase 38 office suits and retail units in Block B of the Development for a purchase price of RM23.0 million;

(iii) sale and purchase agreement with PIMA to purchase the land, together with the platform built thereon, comprised in Block C of the Development for a purchase price of RM11.0 million, and

(iv) settlement agreement with PIMA wherein the purchase considerations for the Properties will settle the amount owing by PIMA to the Company under the joint venture agreement entered into in 2013 with the balance purchase considerations totalling RM6.0 million payable to PIMA upon delivery of vacant possession of the Properties.

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(d) On 19 April 2017, the Company via its wholly owned subsidiary, MAAIG has completed the subscription of additional 300,000 new shares with par value of PHP1,000 per share totalling of PHP300 million (approximately RM27.3 million) in MAAGAP. Upon the completion of the subscription, MAAIG's equity interest in MAAGAP increased from 40% to 70%, making MAAGAP a subsidiary of the Group.

Subsequently MAAIG's equity interest in MAAGAP increased to 74% on 31 May 2017 via settlement of loan and further to 99% on 11 December 2017 via share purchase from other shareholders of MAAGAP.

(e) On 30 August 2017, the Group appointed liquidators to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 for the following wholly owned inactive subsidiaries:

(i) Keris Murni Sdn Bhd;
(ii) Jaguh Suria Sdn Bhd;
(iii) Genting Mutiara Sdn Bhd; and
(iv) Pelangi Tegas Sdn Bhd.

With the relinquishment of the Group's control and involvement over these subsidiaries to the liquidators, these companies ceased to be subsidiaries of the Group with effect from 30 August 2017 and were deconsolidated from the Group on that date.

(f) On 22 November 2017, MAA Corporate and Compliance Philippines, Inc. ("MAACC"), a wholly-owned subsidiary of the Group obtained approval from the Securities and Exchange Commission of Philippines for the dissolution of the company vide the Certificate of Dissolution dated on even date. With this, MAACC ceased to be subsidiary of the Group with effect from 22 November 2017 and was deconsolidated from the Group on that date.

LIST OF SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2018

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2018

Name	No. of Shares Held	% of Shares [a]
Tunku Dato' Yaacob Khyra ("TY") *Indirect Interest*	105,777,084	38.67[1]
Khyra Legacy Berhad ("Khyra") *Indirect Interest*	105,777,084	38.67[2]
Melewar Equities Sdn Bhd ("MESB") *Direct Interest*	38,513,030	14.08
Melewar Khyra Sdn Bhd ("MKSB") *Direct Interest*	40,326,110	14.74
Melewar Equities (BVI) Ltd ("MEBVI") *Direct Interest*	26,937,944	9.85

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2018

	No. of Shares Held			
Name	**Direct**	**% [a]**	**Indirect**	**% [a]**
TY	-	-	105,777,084	38.67[1]
Tan Sri Ahmad bin Mohd Don	2,055,000	0.75	-	-
Tan Sri Datuk Seri Razman Md Hashim	150,000	0.05	-	-
Yeo Took Keat	80,000	0.03	-	-

Notes:

[a] *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.*

[1] *Deemed interested by virtue of TY being a beneficiary of a trust known as Khyra, being the holding company of MKSB, MESB and MEBVI who are the major/substantial shareholders of the Company.*

[2] *Deemed interested by virtue of it being the holding company of MKSB, MESB and MEBVI who are the major/ substantial shareholders of the Company.*

Share Capital	RM304,353,752
Class of Shares	Ordinary Shares
Total Number of Issued Shares	273,517,752
Number of Shareholders	5,784

No. Of Size Of Holdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 - 99	377	6.52	10,373	0.00
100 - 1000	858	14.83	589,977	0.22
1001 - 10000	3,003	51.92	14,845,689	5.43
10001 - 100000	1,338	23.13	43,033,488	15.73
100001 and below 5% of issued shares	205	3.54	109,261,141	39.95
5% and above of issued shares	3	0.05	105,777,084	38.67
TOTAL	**5,784**	**100.00**	**273,517,752**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2018

No.	Name	No. Of Shares Held	% Of Shares [a]
1	MELEWAR KHYRA SDN BHD	40,326,110	14.74
2	MELEWAR EQUITIES SDN BHD	38,513,030	14.08
3	MELEWAR EQUITIES (BVI) LTD	26,937,944	9.85
4	UOB KAY HIAN NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	11,342,061	4.15
5	CIMB GROUP NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	6,327,100	2.31
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : FUA KIA PHA	3,576,800	1.31
7	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY : PERSHING LLC FOR CAMAC FUND, LP	3,315,900	1.21
8	LEE KEK MING	2,500,000	0.91
9	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD BENEFICIARY : MAYBANK KIM ENG SECURITIES PTE LTD FOR KEGANI PACIFIC LTC FUND LP	2,402,100	0.88
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR SIVA KUMAR A/L M JEYAPALAN (PB)	2,349,900	0.86
11	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.	2,305,000	0.84
12	AHMAD BIN MOHD DON	2,055,000	0.75

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2018 (continued)

No.	Name	No. Of Shares Held	% Of Shares [(a)]
13	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	1,986,800	0.73
14	MICHEAL OOI CHUNG GHEE	1,919,900	0.70
15	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : SIX SIS FOR LIECHTENSTEINISCHE LANDESBANK AKTIENGESELLSCHAFT	1,808,400	0.66
16	NG LONG TIANG	1,699,000	0.62
17	ARTHUR VARKEY SAMUEL	1,600,000	0.58
18	RHB NOMINEES (ASING) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOH KAH WAI	1,400,000	0.51
19	KENANGA NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,379,332	0.50
20	LAM CHEE CHIANG	1,351,200	0.49
21	NIRMALA NAVINCHANDRA SHAH	1,292,000	0.47
22	BALVINDER SINGH A/L BHAGWAN SINGH	1,223,800	0.45
23	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	1,170,600	0.43
24	GOH TECK YIEW	1,147,200	0.42
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG SUI YUING (E-BTL)	1,099,200	0.40
26	LOH KAH WAI	1,090,000	0.40
27	AFFIN HWANG NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	1,040,628	0.38
28	WANG SEOW MUN	1,013,000	0.37
29	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YEOW MEI LI (YEO0952C)	1,000,000	0.37
30	LOH KAH WAI	1,000,000	0.37
	TOTAL	**166,172,005**	**60.75**

Note:

[(a)] *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.*

NOTICE
There will be no distribution of door gifts

FORM OF PROXY
(please refer to the notes below)

No. of shares held	CDS Account No.

MAA GROUP BERHAD
(Co. Reg. No. 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 **20th 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 Tuesday, 5 June 2018 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 20th AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
Resolution	**Ordinary Business**	**For**	**Against**	**For**	**Against**
1	To approve the payment of Director's fee amounting to RM40,800.00 for Mr Yeo Took Keat for the period from 1 January 2018 to 30 June 2018.				
2	To approve the payment of Director's fee amounting to RM25,500.00 for Datin Seri Raihanah Begum Binti Abdul Rahman for the period from 22 February 2018 to 30 June 2018.				
3	To approve the payment of Directors' fees amounting to RM408,000.00 for the period from 1 July 2018 to 30 June 2019 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary.				
4	To approve an amount of up to RM230,000.00 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 5 June 2018 until the conclusion of the next AGM of the Company.				
	To re-elect the following Directors of the Company who are retiring pursuant to Article 113(1) of the Company's Articles of Association:-				
5	(i) Tunku Dato' Yaacob Khyra				
6	(ii) Mr Yeo Took Keat				
7	(iii) Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah				
	To re-elect the following Directors of the Company who are retiring pursuant to Article 120 of the Company's Articles of Association:-				
8	(i) Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan				
9	(ii) Datin Seri Raihanah Begum Binti Abdul Rahman				
10	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
11	To approve the Proposed Renewal of Share Buy-Back Authority.				
12	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.				
13	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				
14	To approve the Proposed Adoption of new Constitution of the Company.				

(Please indicate with a "✓" or "✗" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy/ies will vote or abstain 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 ________________ 2018

____
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 more than one (1) proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*
3. *Where a member appoints more than one (1) proxy, 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 20th 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 30 May 2018. Only a depositor whose name appears on the Record of Depositors as at 30 May 2018 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. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 20th AGM will be put to vote on a poll.*

****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

Fold here

NOTICE
There will be no distribution of door gifts

MAA GROUP BERHAD

(471403-A)

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

Tel: 03-6256 8000 Fax: 03-6251 0373

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