MAA GROUP BERHAD
(471403-A)

2018
ANNUAL REPORT

CONTENTS

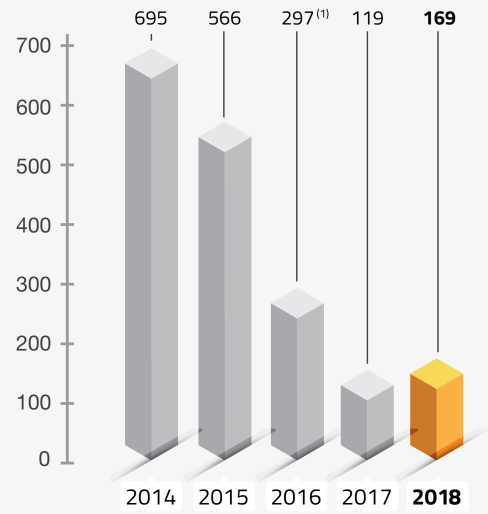
FINANCIAL HIGHLIGHTS

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

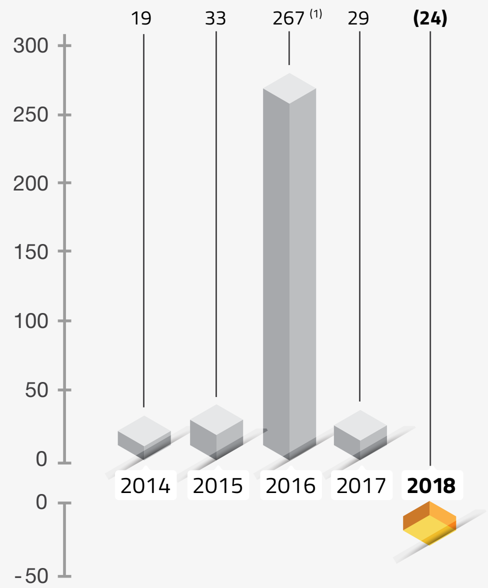
Year Ended 31 December	2018	2017	2016	2015	2014
Statements of Profit or Loss (RM' million)					
Total Operating Revenue	**169**	119	297 [1]	566	695
(Loss)/Profit Before Taxation	**(24)**	29	267 [1]	33	19
Statements of Financial Position (RM' million)					
Total Assets	**757**	779	559	1,451	1,560
Shareholders' Equity	**530**	559	546	410	424
Financial Ratios (%)					
Return on Capital Employed	**-4.6%**	5.2%	48.9%	8.0%	4.5%
Return on Total Assets	**-3.2%**	3.7%	47.8%	2.3%	1.2%
(Loss)/Earnings per Share (sen)	**(10.0)**	9.2	92.3	8.3	5.5
Net Asset per Share (RM)	**1.9**	2.0	2.0	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.

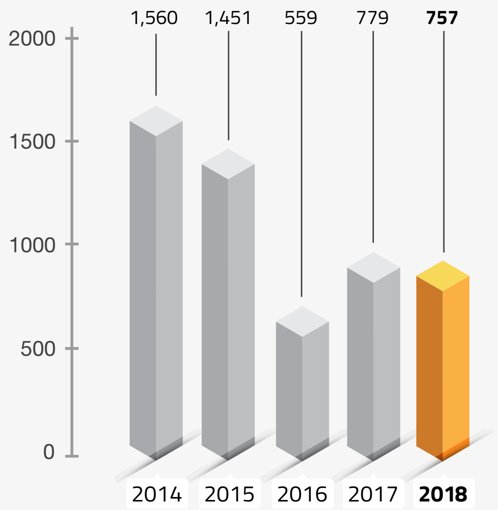
Total Operating Revenue
(RM Million)



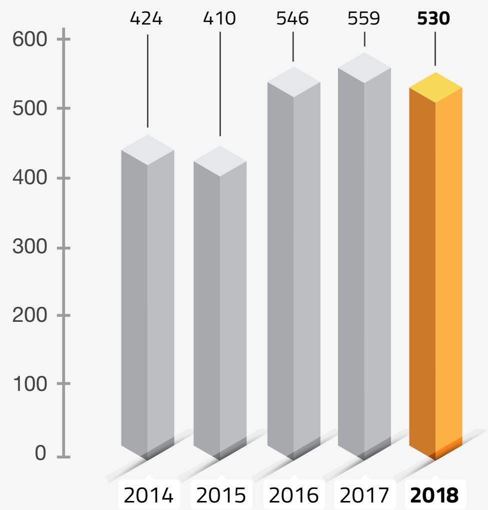
Profit/(Loss) Before Taxation
(RM Million)



Total Assets
(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. **Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah**
   Non-Independent Executive Director

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

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

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

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

7. **Datin Seri Raihanah Begum Binti Abdul Rahman**
   Independent Non-Executive Director
   Member of Audit & Governance Committee
   Member of Risk & Sustainability Committee
   Member of Nomination & 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 (now known as Zurich Life Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is a Board Member of MIG, MSB, Melewar Group Berhad, Khyra Legacy Berhad, Yayasan Khyra, 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 195 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 which is listed in Australia 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 58, Malaysian, Male
Executive Chairman

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, 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 57, Malaysian, Male
Non-Independent Executive 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 Board of MAA International Group Ltd, the subsidiary 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 195 of the Annual Report.

YEO TOOK KEAT
Aged 61, Malaysian, Male
Non-Independent Non-Executive Director

Dato' Narendrakumar Jasani A/L Chunilal Rugnath was appointed to the Board on 5 September 2012 as an Independent Non-Executive Director. Subsequently, he was appointed as the Senior Independent Non-Executive Director and as the Chairman of the Nomination & Remuneration Committee on 21 June 2018. He is the Chairman of the Risk & Sustainability Committee and a Member of Audit & Governance Committee.

Dato' Jasani is currently the Country Managing Partner of Grant Thornton Malaysia, a firm of public accountants. Regionally, he is the Chairman of Grant Thornton Cambodia. 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. He has served as the Vice President of Malaysian Institute of Accountants (MIA) and in the MIA Council. Dato' Jasani was also involved in number of Committees including 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.

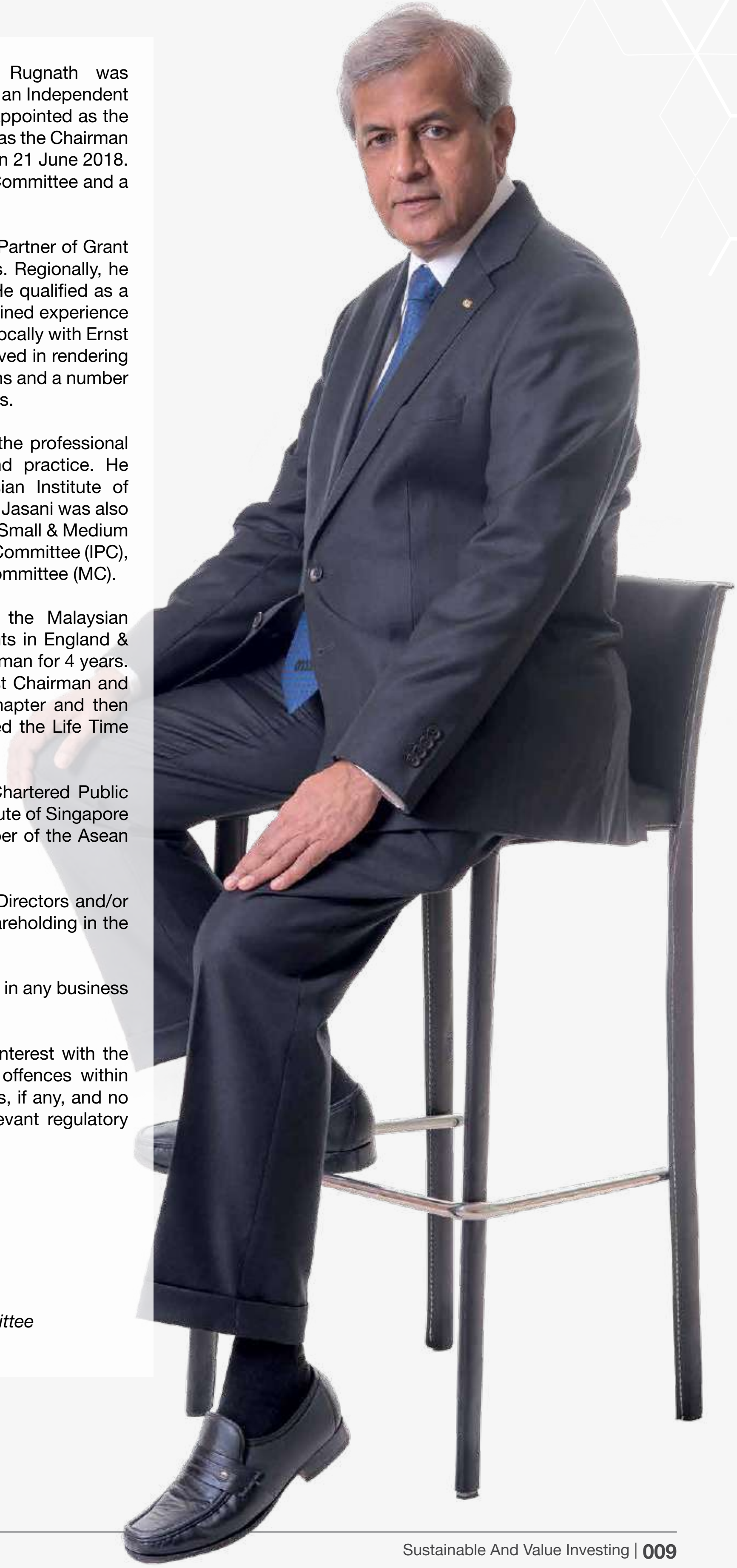
He is a Member of The Malaysia Institute of Chartered Public Accountants (MICPA) and a Member of the Institute of Singapore Chartered Accountants (ISCA) as well as Member of the Asean Chartered Professional Accountants (ACPA).

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 69, Malaysian, Male
Senior Independent Non-Executive Director
Chairman of Risk & Sustainability Committee
Chairman of Nomination & Remuneration Committee
Member of Audit & Governance 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 & Governance Committee of the Company and a Member of Risk & Sustainability Committee and Nomination & Remuneration Committee of the Company. He currently sits on the Boards of Avillion Berhad, Zurich Takaful Malaysia Berhad, Zurich General Takaful Malaysia Berhad, MAA International Group Ltd and several private limited companies. He was also appointed as General Committee member of Malaysian International Chamber of Commerce and Industry (MICCI) for the year 2018-2019.

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 Malaysia PLT, an internationally affiliated accounting firm, and his role includes acting as the Co-Head of the Corporate Advisory Division of Crowe Malaysia PLT. Mr Onn has served as an examiner for the MICPA and was 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 54, Malaysian, Male
Independent Non-Executive Director
Chairman of Audit & Governance Committee
Member of Risk & Sustainability Committee
Member of Nomination & 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 & Governance Committee, Risk & Sustainability Committee and Nomination & 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 sits on the Boards of Jaya Raya Sdn Bhd and Granatum Ventures 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 Burhanuddin 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 57, Malaysian, Male
Independent Non-Executive Director
Member of Audit & Governance Committee
Member of Risk & Sustainability Committee
Member of Nomination & Remuneration Committee

Datin Seri Raihanah Begum Binti Abdul Rahman, was appointed to the Board on 22 February 2018. Datin Seri Raihanah is a Member of Audit & Governance Committee, Risk & Sustainability Committee and Nomination & Remuneration Committee of the Company.

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 recently appointed as Independent Non-Executive Director of Melewar Industrial Group Berhad and Mycron Steel Berhad on 8 April 2019.

Datin Seri Raihanah has no family ties with any of the Directors and/ or major shareholders of the Company nor any shareholding in the Company.

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 BINTI ABDUL RAHMAN
Aged 57, Malaysian, Female
Independent Non-Executive Director
Member of Audit & Governance Committee
Member of Risk & Sustainability Committee
Member of Nomination & Remuneration Committee

KEY SENIOR MANAGEMENT PROFILE

TUNKU DATO' YAACOB KHYRA
Aged 58, 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 005 of this Annual Report.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
Aged 57, 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 006 of this Annual Report.

DANIEL C. GO
Aged 57, Filipino, Male
President/Chief Executive Officer ("CEO")

Mr Daniel C. Go is the President/CEO of MAA General Assurance Philippines, Inc. ("MAAGAP") 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 36 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 37, Malaysian, Male
Senior Vice President – Financial Services

Mr Anand Kanagasingam was appointed as the General Manager of the Company on 18 September 2017 and was subsequently redesignated to Senior Vice President – Financial Services on 1 April 2019.

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 55, 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.

KEY SENIOR MANAGEMENT PROFILE
(continued)

MUK SAI TAT
Aged 55, Malaysian, Male
Senior Vice President – Property & Development

Mr Muk Sai Tat was appointed as the Senior Vice President – Property & Development of the Company on 08 April 2019.

Mr Muk commenced his working career in 1983 with PricewaterhouseCoopers as an Audit Assistant and progressed to Audit Senior upon completion of Malaysian Association of Certified Public Accountants examination in June 1989. In September 1990, he joined Ogilvy & Mather (Malaysia) Sdn Bhd as an Accountant and later joined Energizer Battery Company (M) Sdn Bhd in 1991 as a Sales Accounting Manager and Financial Analyst. In 1996, he joined Emerson Electric (M) Sdn Bhd as a Financial Controller – Southeast Asia and later joined Pernas Otis Elevator Co. Sdn Bhd and Otis Manufacturing Company Sdn Bhd in 1999 as a Financial Controller/Chief Financial Officer. In 2000, he joined Skyline Concepts Sdn Bhd as a General Manager and later joined Concino Sdn Bhd in 2001 as the Group Chief Executive Officer.

In 2003, Mr Muk joined Mangium Industries Bhd as the Group Chief Executive Officer/Executive Director and later joined WaKa Parter AG/Forestry Investment Trust (F.I.T.) and WaKa-Forest Investment Services AG (WaKa-FIS) in 2007 as a Representative for Asia (F.I.T.) and as a Director in Asia Pacific for WaKa-FIS in 2009. In 2010, he joined TT Resources Bhd as an Executive Director. In 2011, he joined Asian Business Solutions Sdn Bhd as a Partner/Consultant.

Mr Muk holds a Master of Business Administration (General Management) from University of Bath, United Kingdom and is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

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

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

Mr Muk 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 52, Malaysian, Male
Vice President – Technical & Finance

Mr Sakin has more than 28 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.

ANGELINE LIM SUAN SEE
Aged 53, Malaysian, Female
Vice President – Group Chief Human Resource & Communications Officer

Ms Angeline Lim joined the Company on 2 May 2000 as Manager, Communications. In 2002, she was promoted to Executive Manager and was subsequently promoted to Senior Manager in 2005 to oversee the Group Communications. In 2012, Angeline was promoted to Senior Manager – Group Human Resources, Training and Communications. She was then promoted to Vice President – Group Human Resource & Communications in February 2019, a position currently held.

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 35 years' working experience in the aviation, service and insurance industry. She has been with the Group for 19 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 Life 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 45, 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 21 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)*
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Mr Yeo Took Keat
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 & GOVERNANCE COMMITTEE

Mr Onn Kien Hoe *(Chairman)*
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

RISK & SUSTAINABILITY COMMITTEE

Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Chairman)*
Mr Onn Kien Hoe
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum binti Abdul Rahman

NOMINATION & REMUNERATION COMMITTEE

Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Chairman)*
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 & AF 1146
Chartered Accountants

PRINCIPAL PLACE OF BUSINESS

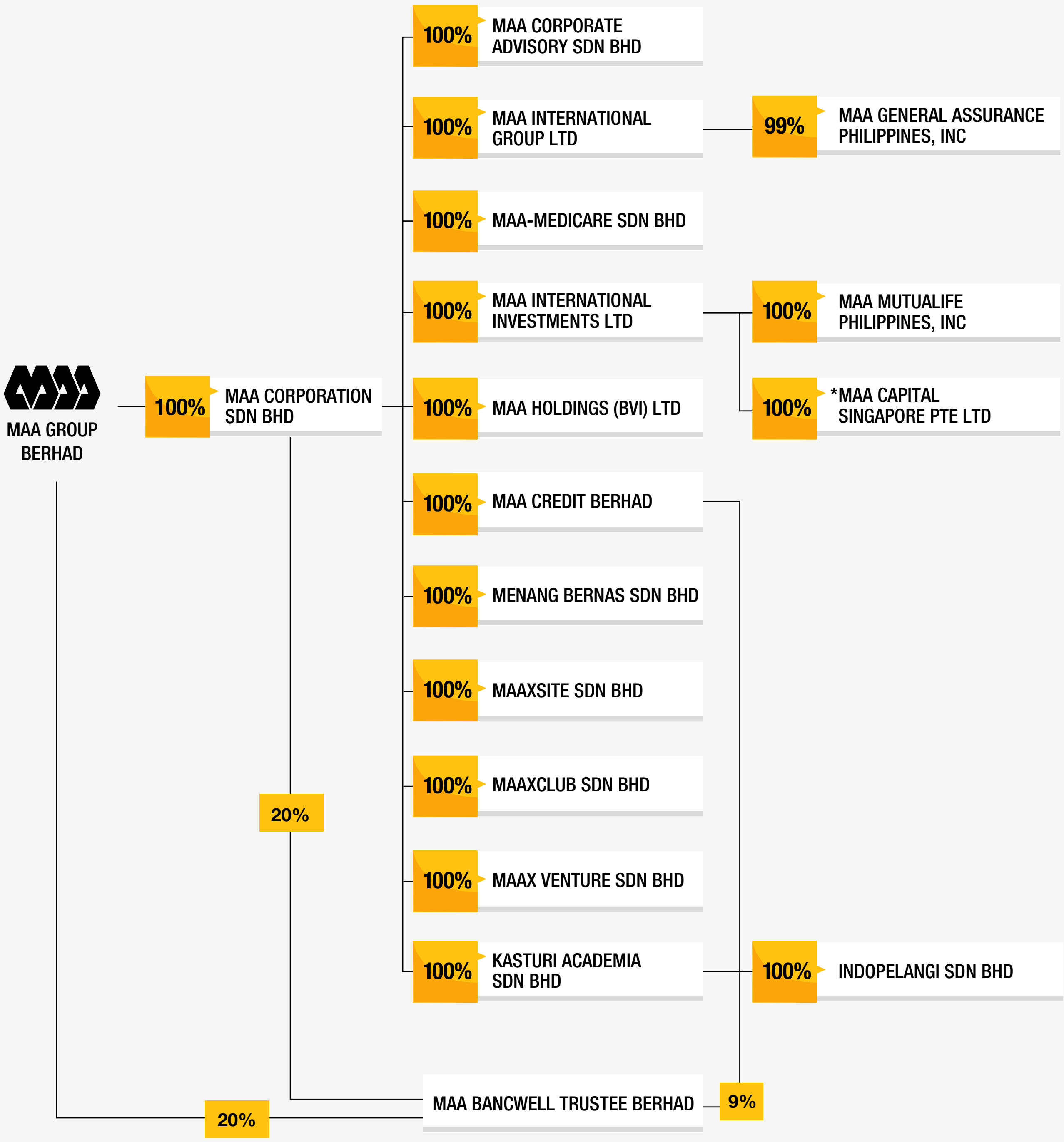
13th Floor, No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6256 8000
Facsimile No. : 03 6251 0373

REGISTERED OFFICE

Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6252 8880
Facsimile No. : 03 6252 8080

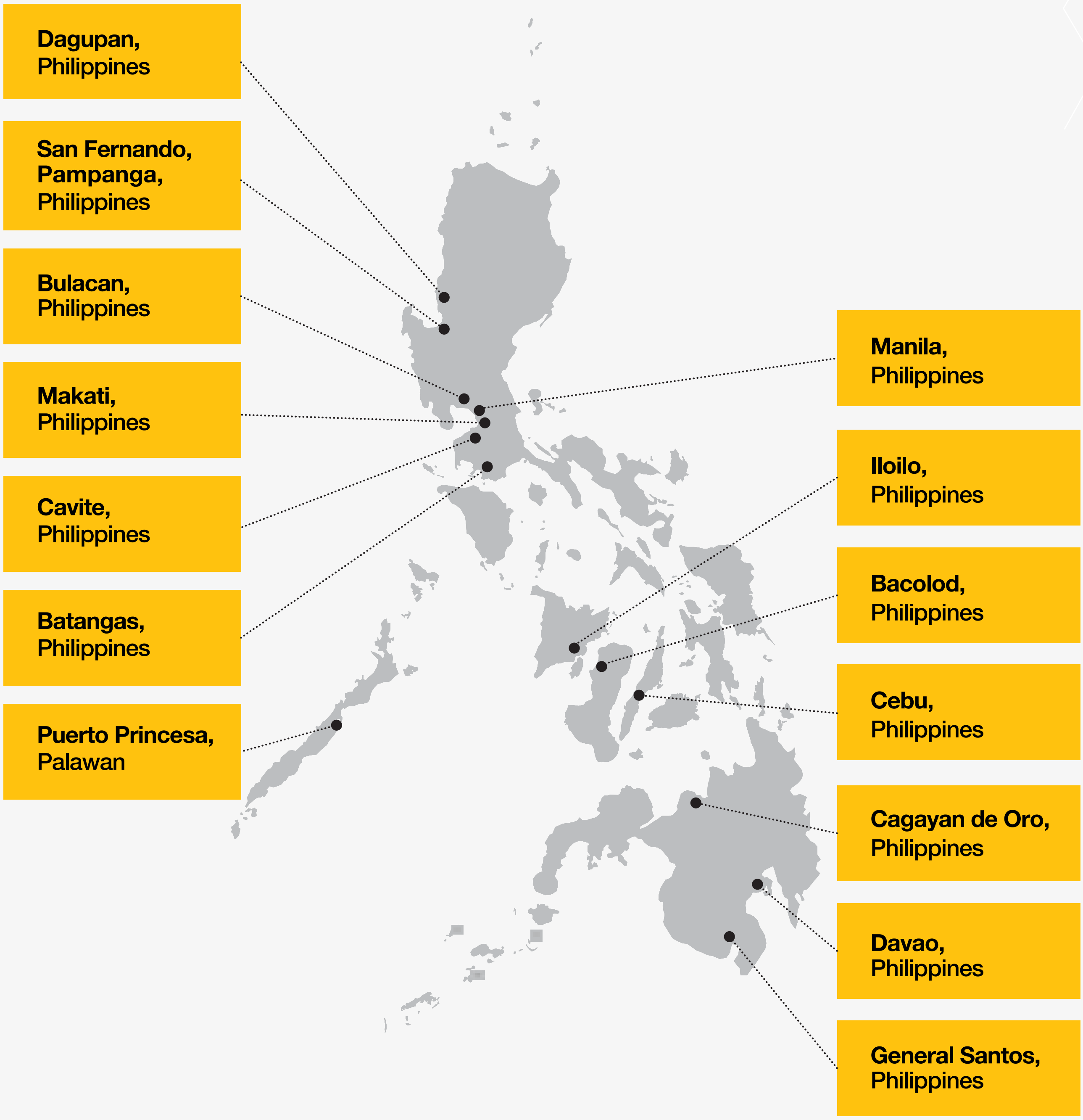
SHARE REGISTRAR

TRACE MANAGEMENT SERVICES SDN BHD
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6252 8880
Facsimile No. : 03 6252 8080



* Formerly known as Columbus Capital Singapore Pte Ltd before 2 January 2019

OVERSEAS OPERATIONS



NOTICE OF TWENTY FIRST ANNUAL GENERAL MEETING

MAA GROUP BERHAD
(471403-A)
Incorporated in Malaysia

NOTICE IS HEREBY GIVEN that the 21ST 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 Wednesday, 29 May 2019 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS		**Resolution**
(1)	To receive the Audited Financial Statements for the year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note A]***	
(2)	To approve the payment of Directors' fees of RM408,000.00 for the period from 1 July 2019 to 30 June 2020 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary.	**1**
(3)	To approve an amount of up to RM245,000.00 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 July 2019 until 30 June 2020. ***[Please refer to Explanatory Note B]***	**2**
(4)	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) Dato' Narendrakumar Jasani A/L Chunilal Rugnath	**3**
	(ii) Onn Kien Hoe	**4**
(5)	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**5**

AS SPECIAL BUSINESS

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

(a) Proposed Renewal of Share Buy-Back Authority **6**

"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 RM128,174,432.00 as at 31 December 2018 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 Annual General Meeting ("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."

Resolution

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **7**

"THAT the mandate granted by the shareholders of the Company on 5 June 2018 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 2019 ("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."

(c) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act **8**

"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."

(7) To consider and, if thought fit, to pass the following resolution as Special Resolution:-

(a) Proposed Adoption of new Constitution of the Company ("Proposed Adoption") **9**

"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 2019 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 2019

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 11.05, 11th 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 21st 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 23 May 2019. Only a depositor whose name appears on the Record of Depositors as at 23 May 2019 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) Benefits Payable to Non-Executive Directors (Resolution 2)

    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 2 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 1 July 2019 until 30 June 2020.

    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 MAA International Group Ltd ("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.

11. *Explanatory Notes to Special Business:*

    (A) Proposed Renewal of Share Buy-Back Authority (Resolution 6)

    The Proposed Resolution 6, 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.

    (B) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 7)

    The Proposed Resolution 7, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(C) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Resolution 8)

The Ordinary Resolution proposed under Resolution 8 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 8, 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 20th AGM held on 5 June 2018 and which will lapse at the conclusion of the 21st AGM to be held on 29 May 2019.

(D) Proposed Adoption of new Constitution of the Company (Resolution 9)

The Special Resolution proposed under Resolution 9, 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 2019.

12. Poll Voting

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

The detailed information on Special Business of Agenda 6 except for Ordinary Resolution 8 as mentioned above is set out in the Circular to Shareholders of the Company dated 30 April 2019 which is despatched together with the Company's 2018 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 4 of the Notice of the 21st AGM of the Company are set out in the Directors' Profile on pages 008 and 009 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 C of the Notice of the 21st 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 2018.

TUNKU DATO' YAACOB KHYRA
Pengerusi Eksekutif

PERUTUSAN PENGERUSI
(bersambung)

PERSEKITARAN OPERASI

Ekonomi global terus berkembang tetapi pada kadar sederhana dengan unjuran pertumbuhan Keluaran Dalam Negara Kasar ("KDNK") 3.1% pada S4 2018 (S4 2017: 3.7%). Di negara-negara maju, pasaran buruh menyokong tahap penggunaan swasta dengan kadar pengangguran lebih rendah dan pertumbuhan upah yang lebih tinggi. Di rantau Asia, pertumbuhan ekonomi secara umumnya lebih rendah, walaupun permintaan domestik kekal kukuh atas sokongan dasar yang berterusan.

Ekonomi Malaysia mencatatkan pertumbuhan lebih perlahan sebanyak 4.7% pada S4 2018 (S4 2017: 5.9%), ini disokong oleh peningkatan permintaan domestik yang didorong oleh perbelanjaan swasta dalam suasana pertumbuhan eksport bersih yang kian merosot, dan ketidakstabilan harga komoditi tertentu seperti minyak dan minyak sawit mentah.

Pada tahun yang dilaporkan, Kumpulan telah memberi tumpuan terhadap usaha mengembangkan perniagaan operasi dan pada masa yang sama, telah menyempurnakan beberapa cadangan korporat seperti yang dinyatakan pada bahagian seterusnya.

PERKEMBANGAN TERKINI CADANGAN KORPORAT

Kumpulan juga dengan sukacitanya membentangkan laporan berikut bagi cadangan korporat penting yang dilaksanakan pada tahun yang dilaporkan:

(a) Mengenai status PN17 Syarikat, Bursa Malaysia Securities Berhad ("Bursa Securities") menerusi surat bertarikh 30 Oktober 2018, memberi Syarikat lanjutan masa sehingga 30 April 2019 untuk mengemukakan rancangan penyusunan semula kepada pihak berkuasa kawal selia.

(b) Pada 5 Jun 2018, para pemegang saham Syarikat telah meluluskan cadangan perubahan ke atas penggunaan baki hasil pelupusan seluruh 75% kepentingan ekuiti dalam MAA Takaful Berhad, dimana RM71.9 juta akan diubah peruntukkannya daripada penggunaan asal untuk peluang/ prospektif pelaburan di masa hadapan yang diperuntukkan kepada penggunaan bagi modal kerja, proses pembelian balik saham dan pembayaran dividen kepada pemegang saham.

(c) Pada 29 Ogos 2018, Syarikat menerusi anak syarikat milik penuhnya, MAA Corporation Sdn Bhd ("MAA Corp") menubuhkan sebuah syarikat yang dinamakan MAAX Venture Sdn Bhd ("MAAX Venture") dengan modal berbayar RM2.00 yang terdiri daripada dua (2) saham biasa pada harga terbitan RM1.00 sesaham. Kegiatan utama MAAX Venture adalah menjalankan perniagaan pembiayaan setara (P2P). Modal berbayar MAAX Venture seterusnya ditambah kepada RM5 juta untuk mematuhi keperluan modal minimum Suruhanjaya Sekuriti Malaysia ("SC") bagi sebuah syarikat P2P.

    Pada 6 September 2018, MAAX Venture mengemukakan permohonan kepada SC untuk mendapat kelulusan menjalankan perniagaan pembiayaan P2P. Permohonan tersebut masih dalam pertimbangan SC.

(d) Pada 30 Ogos 2018, Syarikat menerusi anak syarikat milik penuhnya, MAA International Corporation Ltd ("MAAIC") memulakan penggulungan sukarela anggota menurut Seksyen 439(1)(b) Akta Syarikat 2016 dengan pelantikan Tetuan Mok Chew Yin dan Ong Hock An daripada BDO Consulting Sdn Bhd sebagai penyelesai.

    Dengan melepaskan kawalan dan penglibatan Kumpulan dalam hal ehwal operasi dan kewangan MAAIC kepada penyelesai, MAAIC kini tidak lagi menjadi anak syarikat Kumpulan pada 30 Ogos 2018 dan telah dikeluarkan daripada akaun disatukan kumpulan pada tarikh tersebut.

(e) Pada 5 Disember 2018, Syarikat menerusi anak syarikat milik penuhnya, Keris Murni Sdn Bhd ("KMSB"), Genting Mutiara Sdn Bhd ("GMSB"), Jaguh Suria Sdn Bhd ("JSSB") dan Pelangi Tegas Sdn Bhd ("PTSB") yang diletakkan di bawah penggulungan sukarela ahli pada 30 Ogos 2017 telah dibubarkan selepas tamat tempoh tiga (3) bulan dari tarikh penyerahan dokumen oleh penyelesai berhubung dengan mesyuarat akhir dengan Suruhanjaya Syarikat Malaysia pada 5 September 2018, menurut Seksyen 459(5) Akta Syarikat 2016.

    Pembubaran KMSB, GMSB, JSSB dan PTSB tidak mempunyai kesan kewangan pada tahun yang dilaporkan kerana Syarikat tersebut telah dipisahkan daripada Kumpulan pada 30 Ogos 2017.

(f) Pada 10 Disember 2018, Syarikat menerusi anak syarikat milik penuhnya, Columbus Capital Singapore Pte Ltd ("CCS") telah memeterai Perjanjian Jualan Saham dengan Consortia Group Holdings Pty Limited ("Consortia") untuk melupuskan keseluruhan 24,336,000 saham bersamaan kepentingan ekuiti 47.95% yang dipegang dalam syarikat bersekutu, Columbus Capital Pty Limited ("CCA") untuk pertimbangan tunai berjumlah AUD21.0 juta.

    Pelupusan CCA disempurnakan pada 27 Disember 2018.

TINJAUAN KEPUTUSAN

Pada 2018, Kumpulan mencatatkan Rugi Sebelum Cukai berjumlah RM24.4 juta (2017: Untung Sebelum Cukai RM28.6 juta). Perniagaan Insurans Am yang dipegang menerusi MAA General Assurance Philippines, Inc ("MAAGAP") menyumbangkan Untung Sebelum Cukai sebanyak RM14.9 juta, sebuah perniagaan Pinjaman Gadai Janji Runcit yang dipegang menerusi CCA menyumbangkan Untung Selepas Cukai sebanyak RM4.7 juta sebelum pelupusannya manakala perniagaan Perkhidmatan Pendidikan yang dipegang menerusi Kasturi Academia Sdn Bhd dan Indopelangi Sdn Bhd ("Kasturi") menyumbangkan Untung Sebelum Cukai kecil berjumlah RM22,000. Bagaimanapun, keuntungan ini diimbangi oleh kerugian sebelum cukai berjumlah RM42.2 juta yang dicatatkan oleh segmen Pegangan Pelaburan.

Kerugian oleh segmen Pegangan Pelaburan timbul terutamanya daripada:

(a) Kerugian nilai saksama bersih RM24.5 juta daripada aset kewangan yang diklasifikasikan pada nilai saksama menerusi untung atau rugi ("FVTPL") selepas penggunaan piawaian perakaunan baharu - MFRS 9 '*Financial Instruments*' berkuat kuasa 1 Januari 2018. Aset kewangan yang terbabit terdiri daripada pelaburan ekuiti. Kerugian nilai saksama disebabkan oleh kemerosotan ketara pasaran saham di seluruh rantau Asia pada tahun yang dilaporkan,

(b) Kerugian nilai saksama RM2.8 juta daripada penilaian semula pelaburan hartanah, dan

(c) Pemindahan perbezaan terjemahan mata wang asing terkumpul berjumlah RM9.0 juta daripada rizab mata wang asing kepada untung rugi selepas pelupusan CCA.

Untung sebelum cukai 2017 disumbangkan terutamanya oleh :

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

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

(c) Sumbangan untung sebanyak RM12.1 juta daripada perniagaan Insurans Am yang dipegang oleh MAAGAP,

(d) Pelarasan RM1.8 juta untuk mengurangkan caj nilai kini ke atas baki pertimbangan jualan RM93.75 juta ("Pertimbangan Tertahan") daripada pelupusan MAA Takaful Berhad yang perlu dibayar kepada Syarikat pada 30 Jun 2019, dan

(e) Sumbangan untung daripada syarikat bersekutu Kumpulan, CCA dengan bahagian untung selepas cukai berjumlah RM6.1 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 sebagai ganjaran kepada pemegang saham atas sokongan mereka. Pada tahun yang dilaporkan, Syarikat membayar dividen interim 3.0 sen (2017: 9.0 sen) sesaham biasa di bawah sistem dividen satu peringkat. Lembaga Pengarah menyedari keutamaan perlu diberikan kepada peruntukan tunai untuk pemerolehan perniagaan baharu pada masa depan bagi melaksanakan rancangan penyusunan semula PN17 Syarikat, yang menyebabkan pembayaran dividen interim lebih rendah pada 2018.

TANGGUNGJAWAB SOSIAL KORPORAT

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

PROSPEK BAGI 2019

Dibayangi tanda-tanda pertumbuhan ekonomi yang semakin perlahan akibat ketegangan dagangan antara Amerika Syarikat dan China, prestasi ekonomi kurang baik di negara-negara Zon Eropah, ketidakpastian pasca Brexit dan tahap kecairan lebih ketat serta aliran modal keluar dari pasaran sedang membangun, Dana Wang Antarabangsa telah mengurangkan unjuran KDNK global bagi 2019 kepada 3.5%, lebih rendah daripada ramalan 3.9% sebelum ini.

Dalam pada itu, Bank Negara Malaysia meramalkan ekonomi Malaysia akan mengekalkan tahap pertumbuhan sederhana pada 2019. Permintaan sektor swasta dijangka menjadi pendorong utama pertumbuhan di tengah-tengah kemerosotan perbelanjaan kerajaan, kejatuhan pelaburan awam dan swasta serta ketidakstabilan pasaran komoditi.

Meninjau ke 2019, Syarikat akan meneruskan usaha untuk mengenal pasti perniagaan baharu yang bersesuaian dan berkeupayaan untuk menghasilkan untung yang mampan untuk diambil alih, bagi menangani dan menyempurnakan rancangan penyusunan semula PN17, tertakluk kepada kelulusan Bursa Securities, pihak berkuasa kawal selia yang lain dan pemegang saham jika diperlukan. Pada masa yang sama, Kumpulan akan meneruskan tumpuan untuk merangka strategi serta mengembangkan dan meningkatkan prestasi kewangan perniagaan operasi sedia ada dalam persekitaran ekonomi yang semakin mencabar di dalam dan luar negara.

PENGIKTIRAFAN DAN PENGHARGAAN

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

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

Akhir sekali, saya ingin mengucapkan terima kasih kepada rakan-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 2018.

TUNKU DATO' YAACOB KHYRA
Executive Chairman

OPERATING ENVIRONMENT

The global economy continued to expand but at a moderate pace with a Gross Domestic Product ("GDP") estimate growth of 3.1% in Q4 2018 (Q4 2017: 3.7%). In the advanced economies, labour markets supported private consumption with declining unemployment rates and higher wage growth. In the Asian region, economic growth trended lower, although domestic demand has remained resilient by on-going policy support.

The Malaysian economy recorded a slower growth of 4.7% in Q4 2018 (Q4 2017: 5.9%), supported by an expansion in domestic demand driven by private sector spending amid declining net exports growth, and volatility in certain commodity prices like oil and crude palm oil.

In the year under review, the Group focused its efforts to grow 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 the PN17 status of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") has vide its letter dated 30 October 2018, granted the Company an extension of time of up to 30 April 2019 to submit the regularisation plan to the regulatory authorities.

(b) On 5 June 2018, shareholders of the Company approved the proposed variations to the utilisation of balance proceeds from the disposal of its entire 75% equity interest in MAA Takaful Berhad, where an amount of RM71.9 million will be allocated from the initial utilisation for future investment opportunities/ prospective new business to be acquired to the revised utilisation for working capital, share buy-back exercise and payment of dividends to the shareholders.

(c) On 29 August 2018, the Company's wholly-owned subsidiary, MAA Corporation Sdn Bhd ("MAA Corp") has incorporated a company by the name of MAAX Venture Sdn Bhd ("MAAX Venture") with paid-up capital of RM2.00 consist of two (2) ordinary shares with issue price of RM1.00 each. The intended principal activity of MAAX Venture is to carry on peer to peer ("P2P") financing business. The paid-up capital of MAAX Venture was subsequently increased to RM5 million to comply with the minimum capital requirement of Securities Commission Malaysia ("SC") for P2P company.

On 6 September 2018, MAAX Venture has submitted an application to SC for approval to operate the P2P financing business. The said application is still being reviewed by SC.

(d) On 30 August 2018, the Company's wholly-owned sub-subsidiary, MAA International Corporation Ltd ("MAAIC") has commenced members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016, with the appointment of Messrs Mok Chew Yin and Ong Hock An of BDO Consulting Sdn Bhd as the liquidators.

With the relinquishment of the Group's control and involvement in the operation and financial matters of MAAIC to the liquidators, MAAIC ceased to be a subsidiary of the Group on 30 August 2018 and has been deconsolidated from the group consolidated accounts on that date.

(e) On 5 December 2018, the Company's wholly owned sub-subsidiaries, Keris Murni Sdn Bhd ("KMSB"), Genting Mutiara Sdn Bhd ("GMSB"), Jaguh Suria Sdn Bhd ("JSSB") and Pelangi Tegas Sdn Bhd ("PTSB") which were placed under members' voluntary winding up on 30 August 2017 were dissolved after the expiration of three (3) months from the date of lodgement of the return by the liquidators relating to the final meeting with the Companies Commission of Malaysia on 5 September 2018, pursuant to Section 459(5) of the Companies Act 2016.

The dissolution of KMSB, GMSB, JSSB and PTSB has no financial effect for the year under review as they had been deconsolidated from the Group on 30 August 2017.

(f) On 10 December 2018, the Company's wholly-owned sub-subsidiary, Columbus Capital Singapore Pte Ltd ("CCS") has entered into a Share Sale Agreement with Consortia Group Holdings Pty Limited ("Consortia") to dispose of all the 24,336,000 shares equivalent to 47.95% equity interest held in associated company, Columbus Capital Pty Limited ("CCA") for a total cash consideration of AUD21.0 million.

The disposal of CCA was completed on 27 December 2018.

OVERVIEW OF RESULTS

In 2018, the Group recorded a Loss before taxation ("LBT") of RM24.4 million (2017: Profit before taxation ("PBT") of RM28.6 million). The General Insurance business held via MAA General Assurance Philippines, Inc ("MAAGAP") contributed a PBT of RM14.9 million, the Retail Mortgage Lending business held via CCA contributed a share of Profit after taxation ("PAT") of RM4.7 million before its disposal and the Education Services business held via Kasturi Academia Sdn Bhd and Indopelangi Sdn Bhd ("Kasturi") contributed a small PBT of RM22,000. However, these profits were offset by the LBT of RM42.2 million recorded by the Investment Holdings segment.

The loss by the Investment Holdings segment arose mainly from:

(a) Net fair value loss of RM24.5 million from financial assets classified at fair value through profit or loss ("FVTPL") following the adoption of new accounting standard - MFRS 9 'Financial Instruments' effective from 1 January 2018. The financial assets concerned consist of equity investments. The fair value loss was caused by sharp decline in stock market across the Asia region during the year,

(b) Fair value loss of RM2.8 million from revaluation of investment properties, and

(c) Transfer of the cumulative foreign currency translation difference of RM9.0 million from foreign exchange reserve to profit of loss upon the disposal of CCA

The PBT in 2017 was contributed mainly by:

(a) Other income arising from loan 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,

(d) An adjustment of RM1.8 million to reduce the present value charge to the balance sale consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful Berhad which is payable to the Company on 30 June 2019, and

(e) Profit contribution from the Group's associated company, CCA with total share of PAT of RM6.1 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 continues to pay dividends to remunerate the shareholders for their support. During the year, the Company has paid interim dividends of 3.0 sen (2017: 9.0 sen) per ordinary share under the single-tier dividend system. The Board of Directors recognises the priority to conserve cash readily for acquisition of future new business(es) to address the PN17 regularisation plan of the Company, thus the lower interim dividends payment in 2018.

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 2019

Given the signs of economic slowdown affected by the trade tensions between US and China, the weaker economic performances by Eurozone countries, post-Brexit uncertainties and the tighter liquidity and capital outflows in the emerging markets, the International Monetary Fund ("IMF') has cut its global GDP forecast for 2019 to 3.5%, down from the previously projected 3.9%.

Going forward, Bank Negara Malaysia expects the Malaysian economy to maintain moderate growth in 2019. Private sector demand is expected to remain the main driver of growth amid the government's declining expenditure, lower public and private investments and volatility in the commodity markets.

Moving into 2019, the Company will continue with its quest to identify new business(es) with the right fit and sustainable profit generating capabilities for acquisition, to address and complete the PN17 regularisation plan, subject to the approval of Bursa Securities, other regulators and if any the shareholders. 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 increasing challenging economic environment locally and overseas.

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

MAAG is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") with market capitalisation and total assets under management of RM135.4 million and RM756.9 million respectively as at end December 2018.

MAAG has remained an investment holdings company. The Group's significant business segments are general insurance via subsidiary MAA General Assurance Philippines, Inc. ("MAAGAP") in the Philippines, education services via subsidiaries Kasturi Academia Sdn Bhd and Indopelangi Sdn Bhd (collectively "Kasturi"), and retail mortgage lending via associated company Columbus Capital Pty Limited ("CCA") in Australia before its disposal on 27 December 2018. The other non-core business activities of the Group comprise of property management, consultancy services, hire purchase, leasing and other credit facilities.

GROUP'S STRATEGIC DIRECTION

- In 2018, MAAG has undertaken the following internal corporate restructuring:

  - Incorporated a new subsidiary, MAAX Venture Sdn Bhd ("MAAX Venture") with an initial paid-up capital of RM2.00 on 29 August 2018. The intended principal activity of MAAX Venture is to carry on peer to peer (”P2P") financing business. MAAX Venture's paid-up capital was subsequently increased to RM5.0 million to comply with the minimum capital requirement of Securities Commission Malaysia ("SC") for the application to operate the P2P financing business. To date, the said application is still being reviewed by SC.

  - Appointed liquidators to commence the members' voluntary winding up of in-active subsidiary, MAA International Corporation Ltd ("MAAIC") on 30 August 2018. With the said appointment and the relinquishment of control over MAAIC to the liquidators, MAAIC has ceased to be a subsidiary of the Group on 30 August 2018.

  - On 5 December 2018, the appointed liquidators completed the dissolution of in-active subsidiaries, Keris Murni Sdn Bhd, Genting Mutiara Sdn Bhd, Jaguh Suria Sdn Bhd and Pelangi Tegas Sdn Bhd which had commenced members' voluntary winding up on 30 August 2017. The dissolution of these companies does not have a material effect on the earnings or net assets of MAAG in 2018 as they had already been deconsolidated from the Group on 30 August 2017.

  - On 27 December 2018, the Group disposed its 47.95% equity interest in associated company, CCA for a total cash consideration of AUD21.0 million, to unlock and realise the value of its investment in CCA at a satisfactory price-to-book ratio of approximately 2.09 times based on CCA's unaudited net assets as at 30 September 2018. The said sale proceed is intended to be utilised towards future investment opportunities/prospective new businesses of the Group to address the PN17 status of the Company.

- In June 2018, shareholders of MAAG approved the proposed variations to the utilisation of balance proceeds from the disposal of its entire 75% equity interest in MAA Takaful Berhad ("MAA Takaful"), where an amount of RM71.9 million will be allocated from the initial utilisation for future investment opportunities/prospective new business to be acquired to the revised utilisation for working capital, share buy-back exercise and payment of dividends to the shareholders.

- On the PN17 status of the Company, the exercise to explore and identify new business and investments of the right fit 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. However the valuations demanded by these vendors are largely unattractive to the Company. 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, long term sustainable profits and acceptable risk profile to address PN17 status of the Company.

  On 30 October 2018, Bursa Securities has granted an extension of time of up to 30 April 2019 for MAAG to submit a regularisation plan. Further announcement on the development of this matter will be made in due course.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND CONDITION

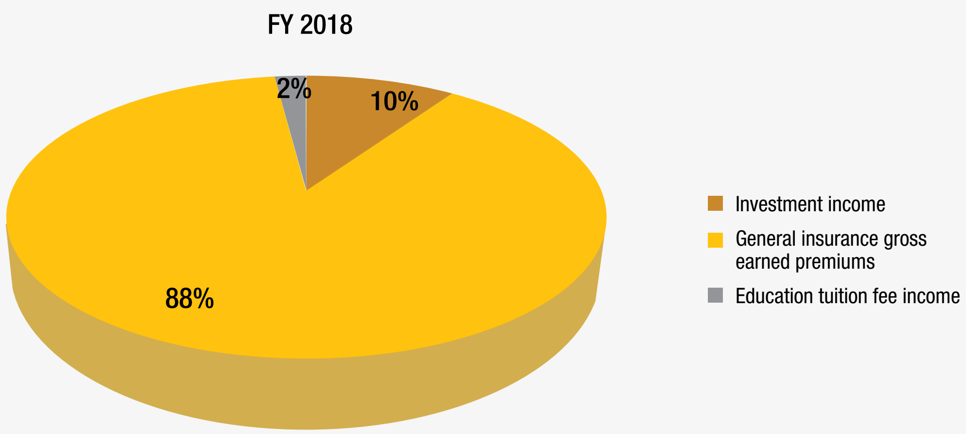
(Amount in RM'000)	GROUP FY2018	FY2017
Total Operating Revenue	169,241	119,024
(Loss)/profit Before Taxation	(24,373)	28,628
Total Assets	756,900	778,595
(Loss)/earnings Per Share (sen)	(10.0)	9.2
Dividend Rate (sen)	3.0	9.0
Net Assets Per Share (RM)	1.9	2.0

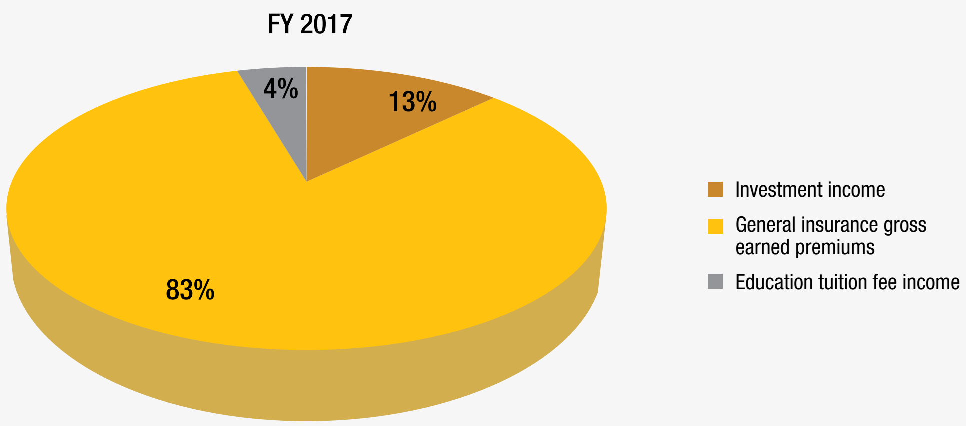
The following analysis of financial performance should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

Review of Statements of Profit or Loss of the Group

In 2018, the Group recorded a Total Operating Revenue of RM169.2 million (2017: RM119.0 million) with 87.7% comprised of gross earned premiums recorded by the General Insurance business held via MAAGAP.

Major composition of Total Operating Revenue is shown below:





During the financial year under review, the Group recorded a Loss Before Taxation ("LBT") of RM24.4 million (2017: Profit Before Taxation ("PBT") of RM28.6 million). The LBT was caused mainly by:

- Net fair value loss of RM24.5 million on investments mainly equity securities classified at fair value through profit or loss ("FVTPL"), resulted from decline in the local and regional equity markets triggered largely by the US interest rates hike and heightened trade tensions between US and China
- Fair value loss of RM2.8 million from revaluation of investment properties
- Transfer of the cumulative foreign currency translation difference of RM9.0 million from reserve to profit or loss upon the disposal of CCA

The above losses have out-weighted the following profits:

- PBT contribution of RM14.9 million from the General Insurance business held via MAAGAP
- Profit contribution from the Retail Mortgage Lending business held via associated company, CCA with share of PAT of RM4.7 million before the completion of its disposal on 27 December 2018
- A RM4.0 million reduction to the present value charge on the balance consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful receivable on 30 June 2019, the third anniversary of the sale completion date
- A gain of RM4.0 million from the disposal of CCA

On another note, the PBT recorded in 2017 was contributed mainly by:

- Other income from loan settlement with other receivable of RM20.0 million
- Reserve arising from business combination of RM10.0 million related to MAAGAP
- A RM1.8 million reduction to the present value charge on the Retained Consideration
- Profit contribution of RM12.1 million from the General Insurance business via MAAGAP
- Profit contribution from CCA with share of PAT of RM6.1 million

During the financial year under review, staff costs (including Executive Directors) of the Group stood at RM21.2 million (2017: RM19.6 million). Staff costs were lower in 2017 due mainly to MAAGAP was only consolidated as a subsidiary in April 2017 from previously an associated company. At MAAGAP entity level, its total staff costs (including executive directors) in 2018 increased by 6.5% compared to 2017 with higher headcount of 211 (2017: 188) as at end December 2018; whereas the Investment Holdings and Education Services segment recorded reduction in total staff costs (including executive directors) of 10.1% and 2.2% respectively in 2018 driven by learner cost structure.

It be noted in 2018, the Group has incurred a total professional fees of RM0.7 million (2017: RM0.8 million) for the engagement of consultants to conduct legal and financial due diligence work on prospective businesses for the PN17 regularisation exercise of the Company.

In 2018, the Group recorded Other Comprehensive Profit (net of taxation) of RM3.4 million (2017: Other Comprehensive Loss of RM9.2 million), due mainly to the transfer of the cumulative foreign currency translation difference of RM9.0 million from reserve to profit or loss upon the disposal of CCA. In 2017, the Other Comprehensive Loss was 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 RM7.8 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 during the financial year under review are Investment Holdings, Education Services, General Insurance and lastly Retail Mortgage Lending before its disposal on 27 December 2018. The performance of each significant operating business segments are attached in pages 036 to 041 of the Management Discussion and Analysis.

In 2018, the Group recorded a Loss Per Share of 10.0 sen (2017: Earnings Per Share of 9.2 sen).

Review of Statements of Financial Position of the Group

Shown below the Statements of Financial Position:

	GROUP			
	FY2018		FY2017	
	RM'000	%	RM'000	%
Property, plant and equipment	4,105	0.5	4,612	0.6
Investment properties	46,234	6.1	49,982	6.4
Intangible assets	658	0.1	590	0.1
Associates	-	-	52,460	6.7
Deferred tax assets	2,045	0.3	667	0.1
Tax recoverable	177	-	172	-
Investments	239,473	31.6	230,058	29.5
Reinsurance assets	40,023	5.3	34,943	4.5
Insurance receivables	47,608	6.3	44,322	5.7
Deferred acquisition costs	17,447	2.3	16,475	2.1
Retirement benefit assets	101	-	-	-
Trade and other receivables	103,397	13.7	97,599	12.6
Liquid assets - fixed and call deposits and cash at banks	255,632	33.8	246,715	31.7
Total Assets	**756,900**	**100.0**	**778,595**	**100.0**
Total Liabilities	**223,382**	**100.0**	**215,969**	**100.0**
Net Assets	**533,518**		**562,626**	

Total Assets

The Group's Total Assets stood at RM756.9 million as at 31 December 2018 (2017: RM778.6 million).

Below commentary on significant assets of the Group:

(i) Investment Properties

The Investment Properties are stated at fair value, determined based on valuation performed by external independent professional valuers.

The carrying value of Investment Properties decreased by approximately 7.5% to RM46.2 million as at 31 December 2018 (2017: RM50.0 million), due mainly to fair value loss of approximately RM2.8 million based on the revaluation conducted by professional valuers.

(ii) Associates

The carrying value of Associates is Nil as at 31 December 2018 (2017: RM52.5 million) subsequent to the completion of the disposal of CCA on 27 December 2018. During the financial year under review, share of PAT from CCA total RM4.7 million before its disposal (2017: RM6.1 million full year). In the previous financial year, MAAGAP contributed a share of PAT of RM1.5 million as an associated company before it became a subsidiary in April 2017.

(iii) Investments

The Group's Investments comprise of:

	GROUP			
	FY2018		FY2017	
	RM'000	%	RM'000	%
Investments at FVTPL				
- equity securities	101,309	42.3	17,267	7.5
- unit trusts	3,852	16	2,043	0.9
- derivatives	112	0.0	-	0.0
	105,273	44.0	19,310	8.4
Investments at fair value through other comprehensive income ("FVOCI")			-	-
- government debt securities	38,669	16.1	-	-
- corporate debt securities	3,728	1.6	-	-
- equity securities	22,343	9.3		
	64,740	27.0	-	-
Investments at amortised costs ("AC")			-	-
- government debt securities	10,992	4.6	-	-
- corporate debt securities	58,468	24.4		
	69,460	29.0	-	-
Available-for-sale ("AFS") investments				
- government debt securities	-	-	49,065	21.3
- corporate debt securities	-	-	49,016	21.3
- equity securities	-	-	112,667	49.0
	-	-	210,748	91.6
Total Investments	**239,473**	**100.0**	**230,058**	**100.0**

With the adoption of MFRS 9 'Financial Instruments' that had replaced MFRS 139 'Financial Instruments: Recognition and Measurement' with effect from 1 January 2018, the Group classified financial assets based on the business model and the cash flow characteristics of the financial assets.

During the financial year under review, the Asian markets were in negative performance fuelled by the outflow of funds due to the US Federal Reserve ("Fed") rate hikes in the US and the trade war tension between China and US. The benchmark FTSE Bursa Malaysia (FBM) KLCI marked more than 7% year-to-date losses, while the PSEI in the Philippines down by 12.8% year-on-year. Arising from these volatile markets, the Group recorded the following in the consolidated statement of profit or loss:

- net fair value loss total RM20.6 million on equity securities quoted overseas
- net fair value loss total RM3.0 million on equity securities quoted in Malaysia
- net fair value loss total RM5.3 million on equity securities unquoted overseas

As at 31 December 2018, the total FVOCI reserve for investments classified at FVOCI stood at a negative of RM4.0 million.

(iv) Other Receivables

The Group's Other Receivables included the balance sale consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful receivable on 30 June 2019, the third anniversary of the sale completion date (2017: RM89.8 million after accounted for time value of money with present value adjustment).

Under the sale and purchase agreement, the Retained Consideration would be used to settle the purchaser, 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 2018, 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 comprised of:

	GROUP			
	FY2018		FY2017	
	RM'000	%	RM'000	%
Fixed and call deposits	177,175	69.3	214,539	87.0
Cash at banks	78,457	30.7	32,176	13.0
Total Fixed and call deposits and cash at banks	255,632	100.0	246,715	100.0

The higher Liquid Assets of the Group at end December 2018 was contributed mainly from the sale consideration received from the disposal of CCA at year end.

(vi) Insurance Receivables, Reinsurance Assets and Deferred Acquisition Costs

As at 31 December 2018, insurance receivables, reinsurance assets and deferred acquisition costs stood at RM47.6 million (2017: RM44.3 million), RM40.0 million (2017: RM34.9 million) and RM17.4 million (2017: 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 as at end December 2018, allowance for impairment loss stood at 2.1% of total insurance receivables, a slight improvement over 3.8% as at end December 2017, though the gross premiums of general insurance business underwritten by MAAGAP was higher by 8.6% during the financial year under review.

Reinsurance assets represent balance due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

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 relate 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 at end December 2018 correspond to the increase volume of general insurance business underwritten by MAAGAP during the financial year under review.

Total Liabilities and Equity

Total Liabilities and Equity of the Group stood at RM223.4 million (2017: RM216.0 million) and RM533.5 million (2017: RM562.6 million) respectively as at 31 December 2018.

The higher Total Liabilities in 2018 was attributed mainly by the Total Liabilities of MAAGAP totalling RM213.6 million (2017: RM203.6 million) as at 31 December 2018. Excluding MAAGAP, Total Liabilities of the Company and other subsidiaries amounted to RM9.8 million (2017: RM12.4 million).

On another note, the Equity/Shareholders' funds of the Group decreased to RM533.5 million (2017: RM562.6million) as at 31 December 2018, driven mainly by the fair value losses recorded for the financial assets classified at FVTPL and the revaluation loss on investment properties totalling RM27.4 million, the reclassification of cumulative foreign currency translation difference of RM9.0 million from reserve to profit or loss arising from the disposal of CCA, coupled with total dividend payout of RM8.2 million had out-weighted the profit generated from the General Insurance Business, the Retail Mortgage Lending Business and the profit from disposal of CCA.

As at 31 December 2018, Net Assets per Share stood at RM1.94 (2017: RM2.04).

GROUP'S FINANCING, LIQUIDITY AND CAPITAL MANAGEMENT

As at 31 December 2018, the Group is in a healthy financial position with zero external debt and 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/business opportunities including the PN17 regularisation plan and rewarding the shareholders.

As at 31 December 2018, 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, property, plant and equipment held by the Group stood at RM4.2 million (2017: RM4.6 million) as at 31 December 2018. Moving into 2019, the Group does not expect to incur significant capital expenditure in its existing business segments, except the technological enhancement in MAAGAP with estimated budget cost of RM2.1 million.

DIVIDEND POLICY

During the financial year under review, the Company has paid interim dividends at 3.0 sen (2017: 9.0 sen) per ordinary share total RM8.2 million (2017: RM24.6 million) under the single-tier dividend system.

The Board will continue to evaluate the dividend policy of the Company, taking into consideration main factors like funding requirements for sustainable operations and growth of the existing businesses of the Group, reserve for new investment/business opportunities to address PN17 regularisation plan of the Company and further capital injection if any for MAAGAP to meet the minimum net worth of Php900 million by 31 December 2019 as required under the Insurance Code issued by the Insurance Commission of the Philippines, etc.

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 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 of Directors ("Board").

The risks that most significantly affect the Group as a whole during 2018, the discussion of its impact to the Group's business and performance together with the Group's strategies to mitigate the identified risks forms part of the Statement of Risk Management and Internal Control of this Annual Report on page 049 to 052.

OUTLOOK FOR 2019

Moving into 2019, the Group will continue its current efforts to explore new investment/business 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 best fit its 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 via MAAGAP, the Group will continue its efforts to grow the general insurance business while sustaining profitability of this business. For the Education Services business, 2019 will remain a challenging year with initiatives to contain costs, moving into social media to intensify marketing efforts and diversify its tuition offerings to improve student count.

Lastly, the Group's financial assets returns in 2019 will largely be dependent on the Asia stock market performance. Towards this end, the appointed external fund managers would continue to deploy active management strategy to improve the investment returns.

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 and MAA Capital Singapore Pte Ltd (formerly known as Columbus Capital Singapore Pte Ltd) whose principal activities are investments mainly in shares of subsidiaries and other equity securities, overseas investment properties held primarily for capital appreciation and local investment properties acquired from debt settlement arrangement during 2017.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2018	FY2017
Total Operating Revenue	9,247	10,900
(Loss)/profit Before Taxation	(42,219)	11,811
Total Assets	434,950	479,124
Total Liabilities	8,949	11,242

Total Operating Revenue which comprised mainly of interest income, decreased by RM1.7 million to RM9.2 million (2017: RM10.9 million) in 2018, mainly due to deployment of funds for operations and dividend payment to the shareholders. In terms of management expenses, the Investment Holdings segment recorded a 3.6% reduction in 2018 compared to 2017. During the financial year under review, fixed and call deposits with licensed banks earned a weighted average effective interest rate at 3.9% (2017: 3.8%) per annum.

In 2018, the Investment Holdings segment recorded a LBT of RM42.2 million (2017: PBT RM11.8 million). The loss arose mainly from:

- Net fair value loss of RM24.5 million on investments in equity securities classified at FVTPL, resulted from the decline in local and regional equity markets triggered largely by the US interest rates hike and the trade war tensions between US and China
- Fair value loss of RM2.8 million from revaluation of investment properties
- Transfer of the cumulative foreign currency translation difference of RM9.0 million from reserve to profit or loss upon the disposal of CCA, which has out-weighted the gain on disposal of RM4.0 million

In 2017, the PBT of RM11.8 million was contributed by:

- Other income of RM20.0 million earned 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 PV Charge to the Retained Consideration

At end December 2018, Total Assets stood at RM434.9 million (2017: RM479.1 million) where 51.3% comprised of low risk liquid assets in fixed and call deposits, cash and bank balances. Investment in these low risk liquid assets minimise exposure to mark-to-market risk and ensure capital is preserved for business operations and new investment opportunities.

Total Liabilities of the Investment Holdings segment stood lower at RM8.9 million as at end December 2018 (2017: RM11.2 million).

3) Sustainability and Strategic Direction

The Investment Holdings segment has been continuing 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, to address the current PN17 status of the Company under the Listing Requirements of Bursa Securities.

Nevertheless on 27 February 2019, the Board received a proposal letter from Melewar Acquisitions Limited and Melewar Equities (BVI) Ltd (collectively the "Non-Entitled Shareholders") informing the Company of their intention to privatise the Company and requesting that the Company undertakes a selective capital reduction and repayment exercise pursuant to Section 116 of Companies Act 2016 in respect of the ordinary shares in the Company ("Shares") held by all the shareholders of the Company other than the Non-Entitled Shareholders ("Entitled Shareholders"), whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("Entitlement Date") ("Proposal").

The Entitled Shareholders collectively hold 167,740,668 Shares, representing approximately 61.33% of the total issued shares of the Company. Pursuant to the Proposal, the issued share capital of the Company will be reduced by up to RM184,514,735 and the Entitled Shareholders will receive an aggregate capital repayment of RM184,514,735 which represents a cash repayment of RM1.10 for each Share held by the Entitled Shareholders on the Entitlement Date. For the avoidance of doubt, the Non-Entitled Shareholders will not be entitled to the capital repayment pursuant to the Proposal.

On 27 February 2019, the Board has appointed Affin Hwang Investment Bank Berhad as the Principal Adviser. On 14 March 2019, the Board has further appointed Mercury Securities Sdn Bhd as the Independent Adviser to provide comments, opinion, information and recommendations to the Board except for the interested directors, namely Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah, and to the Entitled Shareholders in respect of the Proposal.

Subsequently on 25 March 2019, the Company announced the Board's (save for Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah who are deemed interested in the Proposal) decision on the Proposal, i.e. to table the Proposal to the shareholders of the Company for their consideration and approval at an extraordinary general meeting to be held at a later date.

Notwithstanding the above stated event, the Company via the Investment Holdings segment will continue the exercise identifying new business(es) with the right fit and sustainable profit generating capabilities for acquisition and expansion of the Group.

BUSINESS SEGMENT – EDUCATION SERVICES

1) Business Operations Review

Education Services held via Kasturi came into the Group following a debt settlement arrangement between subsidiary MAA Credit Berhad engaged in hire purchase, leasing and other financing 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.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2018	FY2017
Total Operating Revenue	3,607	5,005
Profit/(loss) Before Taxation	22	(420)
Total Assets	798	759
Total Liabilities	160	214

Total Operating Revenue consists of tuition fee income recorded a 27.9% decrease to RM3.6 million (2017: RM5.0 million) in 2017, caused mainly by reduction in the number of students enrolment.

Education Services segment recorded a marginal PBT of RM22,000 in 2018, turnaround from LBT of RM420,000 in 2017. The profit was contributed by improved margin resulted from leaner cost structure and other income of RM83,000 being final capital distribution from ex-subsidiaries upon the completion of the shareholders' voluntary winding up exercise.

The loss in 2017 was the result of operation reorganisation initiatives undertaken during that 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 had allowed for greater focus of management time on other centres with potential to grow further. The closure exercise had 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 had 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 the four (4) non-active 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. Total Assets at end December 2018 stood at RM798,000, marginally higher than RM759,000 at end December 2017.

Total Liabilities as at 31 December 2018 of RM160,000 were also lower than 2017 of RM214,000, due mainly to the leaner cost structure.

3) Sustainability and Strategic Direction

Private tuition is a highly competitive business given the wide and numerous players in a crowded market space, 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, given changes in the Malaysian education landscape with the sprouting of home schools and private schools offering alternative curriculum and the decentralisation of the standard Form 3 exam PMR previously conducted by the Ministry of Education to PT3 exam which included school-based assessments.

Moving forward the operating environment for the Education Services segment will continue to remain competitive and challenging. In 2019, we will continue with the following initiatives to improve the performance of the Education Services segment:

- 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.
- Intensify marketing efforts via social media
- Diversify tuition offerings
- 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 47.95% 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. On 27 December 2018, the Group completed the disposal of CCA to unlock and realise the value of its investment at a satisfactory price-to-book ratio of approximately 2.09 times based on CCA's unaudited net assets as at 30 September 2018.

2) Financial Performance

Key financial performance

	FY2018*		FY2017	
	AUD'000	RM'000	AUD'000	RM'000
Total Operating Revenue	143,067	431,341	109,589	360,386
Profit Before Taxation	4,897	14,762	5,697	18,619
Group's share of Profit After Taxation	1,560	4,696	1,877	6,150
Range of currency exchange rate	1 RM = 0.3317 to 0.3322 AUD		1 RM = 0.3040 to 0.3059 AUD	

**comprised of CCA's financial results for the eleven (11) months ended 30 November 2018 before its disposal on 27 December 2018*

CCA's Operating Revenue consists of loan interest and fee income. In 2018, the Operating Revenue grew to AUD143.1 million for the eleven (11) months ended 30 November 2018, on the back of higher assets under management of AUD3.6 billion as at end November 2018 (2017: AUD2.6 billion as at end December).

CCA recorded a PBT of RM14.8 million for the eleven (11) months ended 30 November 2018 with a share of profit after taxation of RM4.7 million to the Group. CCA recorded a higher net interest margin at 1.07% during the eleven (11) months ended 30 November 2018 (2017: 1.04%), attributed by re-pricing of interest rates for certain portfolios under management given the increase in weighted average cost of funds during this period.

CCA's operating costs as a percentage of operating revenue was higher at 10.3% for the eleven (11) months ended 30 November 2018 (2017: 8.4% full year), driven mainly by higher staff costs with increase in headcount to deal with higher business volume, credit assessment and the focus in retail sales.

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 in 2017 ranked a credible 13th in terms of gross premium written among a total of 59 general insurance players in the Philippines.

2) Financial Performance

Key financial performance

	FY2018		FY2017	
	PHP'000	RM'000	PHP'000	RM'000
Gross premiums written	1,951,286	149,433	1,796,138	153,266
Underwriting surplus	375,913	28,822	290,120	24,530
Investment income	95,367	7,313	74,830	6,357
Profit Before Taxation	191,100	14,861	192,082	16,117
Claim ratio in %	38.8%	38.8%	45.8%	45.8%
Commission ratio in %	33.7%	33.7%	28.8%	28.8%
Total Assets	3,941,049	309,770	3,600,389	292,492
Total Liabilities	2,717,576	213,606	2,506,463	203,622
Range of currency exchange rate	1 RM = 12.32 to 13.52 PHP		1 RM= 11.07 to 12.33 PHP	
MAAGAP's profit contribution to the Group in 2017				
- as an associated company till 18 April 2017			16,881	1,486
- as a subsidiary effective 19 April 2017			129,861	10,637
Total profit contribution			146,742	12,123

In 2018, total Gross Premiums Written ("GPW") grew 8.6% to PHP1,951.3 million (RM149.4 million equivalent) (2017: PHP1,796.1 million (RM153.3 million equivalent)), driven mainly by increase in the production of both motor and non-motor classes of business. Motor classes recorded a marginal decrease in GPW of 0.6% to PHP756.8 million (RM57.9 million equivalent) (2017: PHP761.5 million (RM64.9 million equivalent)); whilst non-motor classes registered a 15.5% increase in GPW to PHP1,194.5 million (RM91.5 million equivalent) (2017: PHP1,034.6 million (RM88.4 million equivalent)). The motor and non-motor businesses contributed 38.8% (2017: 42.4%) and 61.2% (2017: 57.6%) respectively of the total Gross Premiums Written in 2018. The major factors driving the business growth were the increase in infrastructure development and construction projects on the back of the strong Philippines economy with a Gross Domestic Product growth of 6.7% in 2018.

MAAGAP has registered a lower PBT of PHP191.1 million (RM14.9 million equivalent) in 2018, a marginal 0.5% decrease over PHP192.1 million (RM16.1 million equivalent) in 2017. Despite of the premium growth, higher underwriting surplus contributed by improved claim ratio and investment income, the lower PBT in 2018 was mainly caused by the net fair value loss of PHP68.2 million (RM5.0 million equivalent) on the financial assets classified at FVTPL due to decline in the Philippines stock market, and higher management expenses.

Underwriting Surplus stood at PHP375.9 million (RM28.8 million equivalent) (2017: PHP290.1 million (RM24.5 million equivalent)), contributed mainly by growth in premiums earned and improvement in the combined claim and commission ratios at 72.5% (2017: 74.6%). All motor and non-motor classes of business registered underwriting surplus in 2018.

In 2018, the claim ratio improved to 38.8% from 45.8% in 2017. The claim ratio for motor class was lower at 44.6% (2017: 58.9%) during the financial year under review, mainly attributed by reduction in the number of registered motor car claims by 1.2% compared to 2017, coupled with improvement in motor claims experience. For non-motor class, the claim ratio improved marginally from 34.0% in 2017 to 33.0% in 2018.

MAAGAP recorded a higher net commission ratio from 28.8% in 2017 to 33.7% in 2018, driven by the increase volume of non-motor classes of business written with higher commission rates.

MAAGAP recorded a total Investment Income of PHP95.4 million (RM7.3 million equivalent) – up 27.4% compared to PHP74.8 million (RM6.4 million equivalent) in 2017, on the back of higher amount of investible funds from PHP2.3 billion (RM188.6 million equivalent) as at end December 2017 to PHP2.5 billion (RM197.2 million equivalent) as at end December 2018. Investment income comprised of interest and dividend income. During 2018, MAAGAP registered a lower investment yield of 2% (2017: 7%). Though total investment income has improved, however this was offset by reduced gain from disposal of equity investment and the fair value loss underpinned by the volatile stock market during the financial year under review.

Management expenses of MAAGAP increased 11.8% in 2018 compared to 2017. Staff costs rose by 6.5% in 2018 due mainly to annual salary increment and increase in headcount to support its business growth.

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 there is sufficient liquid assets 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 ("RBC") framework. As at 31 December 2018, MAAGAP met both the Net Worth and RBC at levels well above the minimum required.

For the financial year under review, MAAGAP has registered higher profit contribution to the Group total RM14.9 million (2017: RM12.1 million).

3) Sustainability and Strategic Direction

Underpinned by strong consumption and investment environment, the International Monetary Fund foresees Philippines is likely to sustain economic growth of 6.7% in 2019. The non-life insurance sector in the Philippines registered a growth of 7.3% in net premiums written as at end of September 2018 over the same period in 2017, and is foreseen to continue with expansion in 2019. Riding on these favourable economic and market conditions, MAAGAP is expected to continue with its growth momentum in 2019.

MAAGAP will continue to focus on organic growth by expanding customer base and distribution channels through its total fourteen (14) branches, enhance agency force, active monitoring of performance by line of business, active management and monitoring of the performance of internally managed and outsourced investment funds respectively.

Barring unforeseen circumstances like the natural catastrophe exposure in the Philippines with typhoons and earthquakes and also the stock market performance, MAAGAP is expected to generate positive profit contribution to the Group in 2019.

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 2018 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 2018, 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 five (5) times in 2018 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 Deloitte Risk Advisory Sdn Bhd (formerly known as 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 2018, 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 five (5) times during the financial year ended 31 December 2018 and is satisfied with the time commitment given by the directors of the Company in discharging their duties.

Details of the meeting attendance by each of the Directors for the financial year ended 31 December 2018 are as follows:

Members of the Board	Meeting Attendance
Tunku Dato' Yaacob Khyra (Chairman)	5/5
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/5
Yeo Took Keat	5/5
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	3/5
Onn Kien Hoe	5/5
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	5/5
Datin Seri Raihanah Begum binti Abdul Rahman (Appointed on 22.2.2018)	5/5
Datuk Muhamad Umar Swift (Resigned on 8.2.2019)	5/5
Tan Sri Datuk Seri Razman Md Hashim (Retired on 5.6.2018)	3/3
Tan Sri Ahmad bin Mohd Don (Retired on 5.6.2018)	3/3

The programmes or forums attended by existing Directors include the following:

Members of the Board	Trainings Attended
Tunku Dato' Yaacob Khyra (Chairman)	• Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide • Sustainability Engagement Series for Directors / Chief Executive Officer
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• MICG: Half-Day Seminar on Business Transformation Challenges – Shaping High Performance Organisations
Yeo Took Keat	• Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	• MIA - Forum with Audit Sole-Practitioners • MIA – Regional Engagement Session • Grant Thornton – GST to SST Talk 2018 • Grant Thornton – Regional Conference in Vietnam • LHDN/CTIM – National Tax Conference 2018 • Grant Thornton – 2018 Global Conference • MIA – International Accountants Conference • CTIM – 2019 Budget Seminar • Securities Commission – Business Judgement Rule to Help Directors
Onn Kien Hoe	• Briefing 2017 & 2018 IFRS • Understanding Fintech & Its Implications for Insurance Companies Programme • IFRS for SMEs – Key Practical Approaches
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	• Sustainability Report – Setting the Agenda for Value Creation
Datin Seri Raihanah Begum binti Abdul Rahman (Appointed on 22.2.2018)	• Sustainability Engagement Series for Directors / Chief Executive Officers • Mandatory Accreditation Programme (MAP) • Official Launch of the Pathway to a Governance Practitioner

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 seven (7) members as at the date of this Annual Report, of whom four (4) are Independent Non-Executive Directors. The Board Committees are also chaired by Independent Non-Executive Directors.

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

Tan Sri Ahmad bin Mohd Don and Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim retired as directors as they have served the Company as Independent Directors for a cumulative period of over 11 years. With the cessation, Tan Sri Ahmad and Tan Sri Datuk Seri Razman also ceased to be members of all the Board Committees. The Board had appointed Datin Seri Raihanah Begum binti Abdul Rahman as an Independent Non-Executive Director on 22 February 2018. Datuk Muhamad Umar Swift resigned as Chief Executive Officer/Group Managing Director ("CEO/Group MD") of the Company effective 8 February 2019.

Remuneration

The Board is aware that fair remuneration is critical to attract, retain and motivate Directors, CEO/Group MD and key senior officers. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities") and the Code.

The Detailed Remuneration of the Directors for the financial year ended 31 December 2018 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	1,678	280	31	1	2	313
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	265	44	7	-	-	60
Datuk Muhamad Umar Swift (Resigned on 8.2.2019)	1,373	229	53	15[(N)]	4[(N)]	256
Non-Independent Non-Executive Director						
Yeo Took Keat	-	-	-	81	11	-
Independent Non-Executive Directors						
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	-	-	-	61	15	-
Onn Kien Hoe	-	-	-	82	31	-
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	-	-	-	61	28	-
Datin Seri Raihanah Begum binti Abdul Rahman (Appointed on 22.2.2018)	-	-	-	52	20	-
Tan Sri Datuk Seri Razman Md Hashim (Retired on 5.6.2018)	-	-	-	26	16	-
Tan Sri Ahmad bin Mohd Don (Retired on 5.6.2018)	-	-	-	26	15	-

* *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.*

EFFECTIVE AUDIT AND RISK MANAGEMENT

The AGC as well as the Risk & Sustainability Committee ("RSC") comprise of four (4) members, all of whom are independent non-executive directors. Both the AGC and the RSC's function as stipulated under the Terms of Reference has been approved by the Board. Further details on the AGC and the RSC 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.

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 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	(N1) 53,061	53,061	No limit specified	-	-
	Total	53,061	53,061			

(N1) Sale proceed net of selling expenses.

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

	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)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired	68,250 93,750	- -	Within 24 months from the EGM held on 5 June 2018 Within 24 months from the receipt of the Retained Consideration	- -	- -
(ii)	Working capital and share buy-back exercise	30,854	11,620	Within 24 months from the EGM held on 5 June 2018	-	-
(iii)	Payment of dividends to shareholders for the FYE 2017	8,207	8,207	Utilised	-	-
(iv)	Payment of dividends to shareholders	32,822	-	Within 24 months from the EGM held on 5 June 2018	-	-
	Total	(N2) 233,883	19,827			

(N2) Revised utilisation of balance proceeds from the disposal of MAA Takaful Berhad as approved by the Shareholders during the EGM held on 5 June 2018.

(c) Disposal of Columbus Capital Australia Pty Ltd on 27 December 2018

	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)	Future investment opportunities/ prospective new business(es) to be acquired	(N3) 56,713	-	No limit specified	-	-
	Total	56,713	-			

(N3) initial consideration received of AUD19,459,010 on 27 December 2018.

2. Audit and Non-Audit Fees

During the financial year ended 31 December 2018, 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) PricewaterhouseCoopers PLT and a firm or corporation affiliated to them

(i) Audit fees paid or payable to PricewaterhouseCoopers PLT by the Group and the Company amounting to RM259,000 and RM213,000 respectively;

(ii) Non-audit fee of RM60,000 paid to PricewaterhouseCoopers Taxation Services Sdn Bhd for tax advisory services.

(b) ScCip Gorres Velayo & Co ("SGV & Co")

(i) Audit fees paid or payable by subsidiaries, MAA General Assurance Phillippines, Inc ("MAAGAP") and MAA Mutualife Philippines, Inc amounting to RM92,000 and RM8,400 respectively;

(ii) Non-audit fees paid by MAA International Group Ltd:

- RM37,000 for services rendered in connection with the agreed-upon procedure engagement for the review of management accounts;
- RM18,000 for services rendered in connection with the review of 2016 and 2017 audit working papers by third parties;

(iii) Non-audit fee paid by MAAGAP:

- RM44,000 for services rendered in connection with PFRS 9 implementation review.

(c) Leong Siew Hoong & Co and a firm or corporation affiliated to them

(i) Audit fees paid or payable to Leong Siew Hoong & Co by subsidiaries, MaaxSite Sdn Bhd and MaaxClub Sdn Bhd amounting to RM1,000 and RM1,000 respectively;

(ii) Non-audit fee paid or payable to LMC Taxation Services Sdn Bhd by the Group and the Company amounting to RM54,000 and RM12,300 respectively for taxation services.

(d) Audit fees paid or payable to SCS Global & Co by subsidiaries, Kasturi Academia Sdn Bhd and Indopelangi Sdn Bhd amounting to RM10,500 and RM6,500 respectively.

(e) Audit fees paid or payable to Enterprise Accountants LLP by subsidiary, MAA Capital Singapore Pte Ltd (formerly known as Columbus Capital Singapore Pte Ltd) amounting to RM15,000.

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 2018 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature

On 5 June 2018, the Company sought approval for a shareholders' mandate for the Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 30 April 2018) 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 2018 are:

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transactions (1/1/2018 - 31/12/2018) 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.	270
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.	13
		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.	20
MAA Corp	Office rental income	MESB	TY is deemed interested in MESB. MESB is a subsidiary of Khyra. TY is a beneficiary of Khyra, being the holding company of MESB.	56
		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.	87
The Company	Human Resource fee income	Mycron Steel Berhad ("MSB")	MSB is a subsidiary of MIG. TY is a director of MSB. TY is deemed interested in MSB by virtue of Section 8(4)(c) and Section 197(1)(b) of the Companies Act 2016 via MIG.	143

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 Melewar Acquisitions Ltd ("MAL")**** and Melewar Equities (BVI) Ltd who are the major/substantial shareholders of the Company.
*** Melewar Khyra Sdn Bhd ("MKSB") is a wholly owned subsidiary of Khyra.
**** MAL is a wholly owned subsidiary of Melewar Equities Sdn Bhd ("MESB") who in turn is a wholly owned subsidiary of Khyra.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 & Governance Committee ("AGC") and Risk & Sustainability Committee ("RSC") 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") 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 RSC met four (4) times during the financial year ended December 2018. 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)*	1/4
Onn Kien Hoe *(Member, Independent Non-Executive Director)*	4/4
Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan *(Member, Independent Non-Executive Director)*	4/4
Datin Seri Raihanah Binti Abdul Rahman *(Member, Independent Non-Executive Director)* *(Appointed on 22.2.2018)*	3/3
Tan Sri Ahmad bin Mohd Don *(Member, Independent Non-Executive Director)* *(Retired on 5.6.2018)*	2/2
Tan Sri Datuk Seri Razman Md Hashim *(Member, Independent Non-Executive Director)* *(Retired on 5.6.2018)*	2/2

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

Management will ensure that the Chairman is briefed of the issues raised in the risk reports. As such, in his absence, Management ensured that they sought inputs and directions from the Chairman of the RSC for decisions and approvals by the Committee.

During RSC meetings, the members were 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 Malaysia and Philippines. 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. The reporting of compliance matters is reported at MAAGAP Board and MAAG Board.

A full risk review was conducted by Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services) ("Deloitte") on MAAG and presented to the Board on 29 August 2018. Concerns raised were on the risk of acquiring non-performing asset and dissemination of sensitive and unauthorised information to external stakeholders and media. Management has put in place policy and procedures to mitigate the highlighted risk.

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.

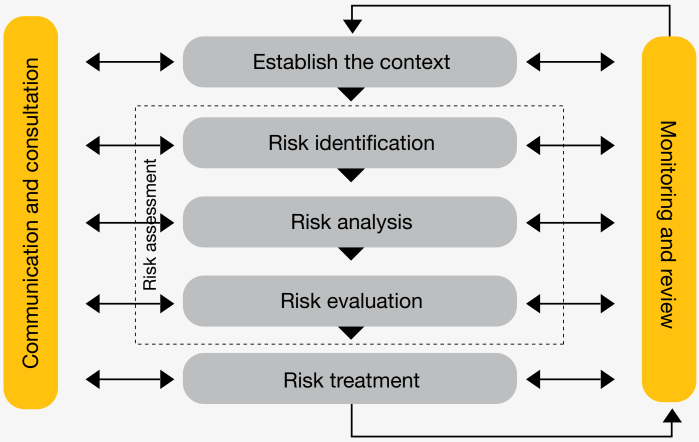
The Company has co-sourced the function of audit and risk management to an external provider, Deloitte. The appointment of Deloitte is to provide operational level risk assessment to leverage on the existing ERM efforts in the Group.

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 Deloitte using the controls rating parameter stated in the risk management framework. Further assurance is provided by GARD. 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 meets 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 for endorsement and adoption.

- An Audit & Governance Committee ("AGC") comprising entirely of Independent Directors. The AGC 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 AGC 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 AGC of all risk management and internal control issues identified by the external and internal auditors. Findings are communicated to the Management and the AGC with recommendations for improvements. Follow-up action to ascertain the implementation status of the recommended remedial actions is conducted by GARD and the AGC is furnished with the relevant update.

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

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the AGC, RSC, 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 Securities Malaysia 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 2018.

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 & Governance Committee ("AGC") comprises of four 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. Subsequently two of the audit committee members, Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don had retired as members of the AGC on 5 June 2018.

The details of members and their respective attendance record at meetings held during the financial year ended 31 December 2018 are as follows:

Name of Committee	No. of Meetings Attended
Onn Kien Hoe *(Chairman, Independent Non-Executive Director)*	5/5
Dato' Narendrakumar Jasani A/L Chunilal Rugnath *(Member, Independent Non-Executive Director)*	2/5
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan *(Member, Independent Non-Executive Director)*	5/5
Datin Seri Raihanah Begum binti Abdul Rahman *(Member, Independent Non-Executive Director)* *(Appointed on 22.2.2018)*	3/4
Tan Sri Datuk Seri Razman Md Hashim *(Member, Independent Non-Executive Director)* *(Retired on 5.6.2018)*	3/3
Tan Sri Ahmad bin Mohd Don *(Member, Independent Non-Executive Director)* *(Retired on 5.6.2018)*	3/3

The Chairman of the AGC, 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 AGC, 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 AGC must be a qualified accountant.

The AGC met according to the schedule of at least once every quarter. The Chief Executive Officer/Group Managing Director was invited to all AGC 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 AGC meetings were distributed to the Board for notation and the Chairman of the AGC reported on the key issues discussed, to the Board.

TERMS OF REFERENCE

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

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2018, the AGC carried out its duties as set out in the terms of reference. The principal activities were as follows:

Financial Reporting and Annual Report

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

Date of AGC Meetings	Quarterly financial results/Financial statements reviewed
22 February 2018	Unaudited fourth quarter results for the period ended 31 December 2017
12 April 2018	Audited Financial Statements for the year ended 31 December 2017
23 May 2018	Unaudited first quarter results for the period ended 31 March 2018
29 August 2018	Unaudited second quarter results for the period ended 30 June 2018
22 November 2018	Unaudited third quarter results for the period ended 30 September 2018

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 AGC review of the audited financial statements of the Company and of the Group for the financial year ended 31 December 2017 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 AGC meetings.

Some of the significant matters that were discussed during the year were in relation to PN17 status and compliance with Bursa Listing requirements. The issue on PN17 can be found in the Independent Auditor's Report of this Annual Report.

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 2019 after the reporting period, together with the assessment on the reappointment of the auditors;
- The AGC of the Company met 5 times during the financial year and had its private sessions with the External Auditors twice i.e. on 22 February 2018 and 22 November 2018 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; and
- 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 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.

- The AGC has 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 AGC 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 are 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; and

- 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 AGC 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 17 years of internal audit experience and assisted by a Manager. Both are member of The Malaysian Institute of Accountants and Institute of Internal Auditors. In order to strengthen the controls within the Group, an outsourced service provider, that is Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services) ("Deloitte") has been engaged for internal audit, risk management and sustainability reporting for the Group. The internal audit for Columbus Capital Pte Limited ("CCA"), an associate company in Australia is supported by BDO and Deloitte Philippines was appointed for MAA General Assurance Philippines, Inc ("MAAGAP").

The appointed service provider who applies the International Professional Practises Framework assisted the Board, AGC 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 AGC 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 2018 was RM496,000 compared to RM240,000 in FY2017. The higher cost this year is attributed to increase in the number of staff in GARD and the appointment of outsourced service provider for MAA Group Berhad ("MAAG") and MAAGAP.

A review on corporate governance and compliance function was conducted to assess the effectiveness of the existing controls. For corporate governance, concerns were raised on PN17 status of the Company. There were no major issues for the compliance review except for some minor improvements on the compliance report.

Other audits were also conducted on Kasturi Academia Sdn Bhd ("Kasturi") and Indopelangi Sdn Bhd ("Indopelangi"). Issues highlighted mainly to enhance the existing policy and procedures.

The internal audit of MAAGAP is focussed on the main sections i.e Underwriting, Claims and Investment. Issues that require attention were on authority limits, compliance to premium tariff and reinsurance arrangement. Branches audit were also performed to assess compliance towards company's policies and procedures.

As for the Sydney based CCA, the outsourced internal auditors, BDO finalised the audit on credit assessment in February 2018 and custodian audit in September 2018. As for credit audit, issues were on lack of documentation and inconsistent practises against the policy and procedures. However, all risks highlighted were rated as low risk. The audit on custodian audit noted a few minor shortcomings in terms of managing physical documents. All rectification measures have been implemented.

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

SUSTAINABILITY STATEMENT

MAA Group Berhad ("MAAG") is proud to present our Sustainability Report for the financial year ended on 31st December 2018. As the socioeconomic dynamics of the world becomes ever more globalised, the demand for businesses to become sustainably and responsibly-run becomes increasingly evident. At MAAG, we are not merely focused on our efforts to foster the financial performance of our businesses but to integrate sustainable practices such as environmental conservation and social welfare into the heart of our business decisions.

We are determined to make the three pillars of Economic, Environmental and Social ("EES") concerns key parts of our business operations. As a business, our commitment to continue providing favourable returns to our shareholders and investors is of great importance to MAAG. This pursuit of financial success, however, must not take precedence over our concerns regarding any negative impact this may have on the environment as well as our contribution to the socioeconomic welfare of the communities MAAG operate in. Our pursuit of this balance is manifestly shown through the sustainable strategies we have carefully mapped out and implemented. With this report, we are pleased to present the progress of the activities we have undertaken on our sustainability reporting journey to all interested stakeholders.

Our Reporting Approach

MAAG's Sustainability Report has been prepared with reference to the latest Global Reporting Initiative ("GRI") Standards and follows the GRI Standards Reporting Principles for defining reporting content, which include:

- Stakeholder Inclusiveness: capturing our stakeholder's expectations and concerns;
- Sustainability Context: presenting our performance in the wider context of sustainability;
- Materiality: identifying and prioritising the key sustainability issues that our Group encounters; and
- Completeness: reporting all sustainability topics that are relevant to our Group and influence our stakeholders.

The Material references included in this report are as stated below:

- GRI 201-1: Economic Performance
- GRI 205-3: Anti-Corruption
- GRI 401-1: Employment
- GRI 419-1: Socioeconomic Compliance

* *GRI 416-2 on Customer Health and Safety was originally selected as a material disclosure, however has been omitted due to the independence of MAA Medicare Foundation from the Group in its management and operation.*

For more information on the Materiality Disclosures, please refer to the Materiality Matrix on page 060.

Scope and Boundaries

This report identifies the sustainability practices and progress of the Group, including our Malaysian and Philippines based subsidiaries, unless otherwise stated. The reporting will cover the period of 1 January 2018 to 31 December 2018.

References to 'MAAG', 'the Company', 'the Group', 'the Organisation', 'our' and 'we' refer to MAA Group Berhad and relevant subsidiaries. References to 'MAAGAP' refer to our subsidiary, MAA General Assurance Philippines Inc.

Our Sustainable Governance

To manage the Group's sustainability matters, we have incorporated our sustainability agenda under the Risk & Sustainability Committee ("RSC"). The RSC is responsible for managing and reviewing the Group's sustainability strategy and communicating relevant concerns to the Board. The RSC ensures that the Group's best practices and disclosures on sustainability are made in accordance with the required standards. Other aspects of corporate governance are elaborated from page 042 to 045.

Feedback

Do get in touch with us should you have any input or feedback on our Sustainability Report. Please direct your correspondence to:

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Malaysia

RISK & SUSTAINABILITY COMMITTEE CHAIRPERSON'S MESSAGE

At MAAG, we firmly believe that for a company to be acknowledged as truly successful, it must also create a meaningful relationship with the community it serves. To this end, the pursuit of sustainability is an essential component that must be integrated into all aspects of our business value chain. To achieve this, the leadership at MAAG has taken steps to incorporate economic, social and environmental ("EES") considerations and safeguards throughout the planning and execution of our business practices.

My goal is for MAAG to be viewed as a sustainably successful business; one that will draw clients and investors through our reputation as an organisation that embraces the urgent need for companies to embrace their EES obligations. Implementing sustainable practices is not without its challenges, as it must run through the entire group structure. I am confident that MAAG can achieve this standard, as the Group is prepared to pursue our sustainability goals first by diligently managing the effects of shifting global trends. These shifts will inevitably impact our business, and it is through responsible corporate governance and a culture of sustainable practice that we will adapt and thrive as a sustainable enterprise. The sustainability agenda we are continuously instilling in the Company will provide a competitive advantage for us by allowing us to adapt proactively in line with shifts in investor focus, customer demand, and government regulations. These issues are carefully considered during the development of our long term business strategy and plays a key role in mapping out the future of MAAG.

While businesses are ultimately concerned with profitability, this must never overshadow our responsibility in engaging and giving back to the local community we operate in. This is currently done through our Corporate Social Responsibility ("CSR") strategy. In 2018, we launched the MAA Tuition Scholarship for students to underscore our belief that the opportunity to pursue an education is a crucial factor in raising the socioeconomic standing of the community as a whole. We have also donated to Non-Governmental Organisations (NGOs) and charitable causes through our CSR initiatives as well as through our affiliate, The Budimas Charitable Foundation. With the MAA Medicare Charitable Foundation, we have created a vehicle to drive subsidised treatment under the Patients' Welfare Fund ("PWF") and the Foundation has also sponsored underprivileged children with school supplies such as stationary and bags under the Kids@Medicare programme. Our hope is that these programs will continue to encourage and drive positive change and growth for both the greater community and MAAG.

It is our solemn promise to integrate economic, environmental and social considerations into our business decisions. The MAAG Board of Directors is unanimous in our commitment towards conducting our business in a balanced and sustainable manner. With this, we intend to continue our sustainability journey over the coming years building on the foundations we have since set.

Stakeholder Engagement

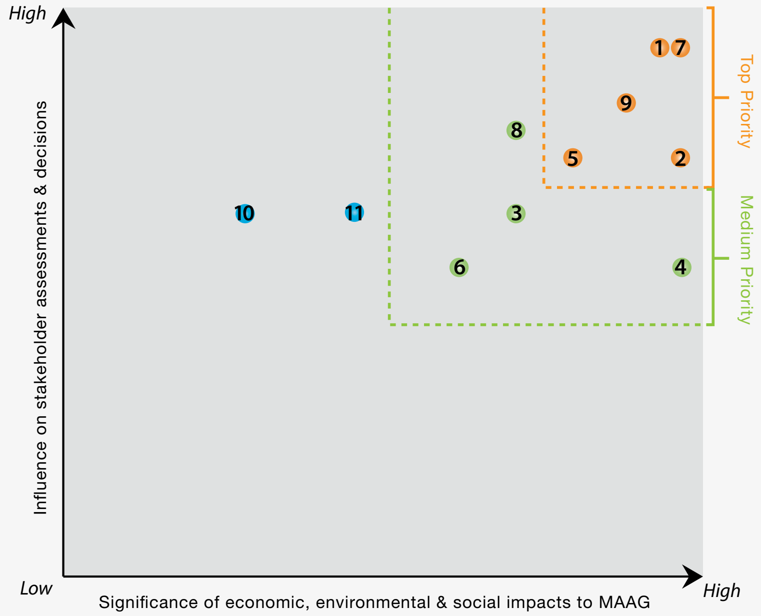
MAAG places great emphasis on understanding the needs and concerns of our stakeholders. We believe proactive stakeholder engagement fosters greater confidence in our business. More importantly, it allows us to gleam valued insights on how the organisation can grow and improve. Our stakeholders have been segmented into seven key groups, allowing us to ascertain the needs and requirements of each segment. This year, we have reached out to our stakeholders through surveys to obtain feedback on any and all material concerns that they may have with MAAG and our business practices. The table below illustrates our methodology:-

Table 1: Stakeholder Engagement Table

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Concerns Raised
Shareholders / Investors	Annual General Meeting Annual Report Quarter Financial Report Analyst Briefing Extraordinary General Meeting Shareholder Communication Announcement on Bursa Malaysia and Corporate Website	Annually Annually Quarterly As and when needed As and when needed As and when needed As and when needed	Economic Performance Corporate Governance
Employees	Annual Performance Appraisal Briefings and Trainings Event, Celebrations and Sporting Activities Management, Operational and Committee Meetings	Annually Periodic Periodic As and when needed, monthly and Periodic	Economic Performance Career Progression Fair Benefits Business Integrity
Customers	Feedback Channels such as Emails, Phone Calls and Hotlines Website and Social Media Product Launches and Roadshows Marketing and Promotional Programmes and Events	As and when needed As and when needed As and when needed As and when needed	Product Delivery Customer Privacy, Health & Safety Environmental Performance
Government / Regulators	Income Tax Filing Annual Return Official Meetings and Visits Industry Events and Seminars	Annually Annually As and when needed As and when needed	Regulatory Compliance Occupation & Customer Health & Safety
Suppliers / Contractors	Product Launches and Roadshows Meetings and Site Visits Supplier Assessment System Briefings and Trainings	As and when needed As and when needed As and when needed As and when needed	Business Integrity Ethical Procurement Employment Conditions
Local Communities	Community Outreach and Development Programmes Strategic Partnerships Charitable Contributions Website and Social Media	Periodic Upon Mutual Agreement As and when needed As and when needed	Community Outreach Employment
Media	Press Releases Site Visits Interviews Events Website and Social Media	As and when needed As and when needed As and when needed As and when needed As and when needed	Regulatory Compliance CSR Initiatives

Materiality Matrix

Effectively identifying material sustainability concerns for our organisation is crucial to ensure that our report reflects the topics most relevant to us. The material topics for MAAG were determined through a stakeholder engagement workshop; during which due consideration was given to the concerns identified from the survey responses in the Stakeholder Engagement Table 1. The materiality matrix is determined through ranking the concerns and topics by importance on a scale of low-to-high measuring the economic, environmental, and social ("EES") impact of our business activities then marked accordingly by the weight of importance placed by our stakeholders.



List of Identified Topics for the 2018 MAAG Sustainability Report

1. GRI 201-1: Economic Performance
2. GRI 205-3: Anti-corruption
3. GRI 306-2: Effluent and Waste
4. GRI 307-1: Environmental Compliance
5. GRI 401-1: Employment
6. GRI 405-1: Diversity and Equal Opportunity
7. **GRI 416-2: Customer Health and Safety*
8. GRI 418-1: Customer Privacy
9. GRI 419-1: Socioeconomic Compliance
10. GRI 204-1: Procurement Practices
11. GRI 302-4: Energy

Figure 1: Positioning and Selected Materiality Topics for MAAG

The materiality matrix in Figure 1 illustrates the material topics ascertained for MAAG. The results are based on the prioritisation of concerns by the management during the materiality assessment workshop. Stakeholder concerns that were not deemed material to the Group were taken into account and noted for future planning; concerns that resonated strongly with management were given prioritised consideration. After due deliberation, the disclosure of **GRI 416-2 on Customer Health and Safety* was omitted due to the structure of the MAA Medicare Charitable Foundation being independently managed and operated from the Group.

The following pages provide a detailed account of our management approach for the selected material sustainability topics along with the relevant performance data.

Economic Performance

In 2011 the Group began taking steps to trade in major subsidiaries, and has since transitioned to a Practice Note 17/2005 or PN17 status company. A sound economic strategy is key to guaranteeing our Group's profit, operational cash flow, and dividend distribution is not only maintained but will grow sustainably. Stable economic performance is a key target for MAAG in order to display a favourable business representation, an important factor to sustain as the Group looks to acquire new businesses that align with the Group's vision, allowing us to expand our reach as well as steer ourselves back to the regularised main market listing.

In order to ensure that our Group's economic performance is optimally managed, we are guided by the Group-wide Standard Operating Procedures ("SOPs") on the Budget Process (SOP-SP-01), which is managed by the Group Finance Department. We monitor our Group's financial performance on a monthly basis for all major subsidiaries and compare our budgets against the data provided on a quarterly basis. In order to best achieve the Group financial targets, we have invested heavily in our human capital through training initiatives. To further strengthen the infrastructure of the Group's financial management, we also engage external auditors for regular financial audits, undergo internal audit for business operations and engage risk management advisory for the Group.

Please refer to the Annual Report page 073 for the detailed Financial Position of MAAG.

Anti-Corruption

MAAG strives to undertake all our business operations with integrity. This is a critical issue to any successful company, as we seek to ensure our stakeholders confidence in the management of the business as well as ensuring our reputation remains unblemished in the public eye. Corruption and fraudulent practices are some of the main causes of inefficiency for any business, these actions result in serious ramifications from criminal sanctions, the halting of further business activities, as well as reputational damage in the areas we operate. At MAAG, we have undertaken rigorous measures in order to avoid corruption at any level. We will continuously remain vigilant in upholding any and all applicable local and international laws that apply to our businesses.

At MAAG, we have established an anti-fraud framework, Enterprise Risk Management ("ERM") mechanisms and whistle-blowing policies that govern and are in place at all our subsidiaries. Where our operations cross Malaysian boundaries, these subsidiaries are subject to additional international regulations, if applicable, with which they fully comply. To ensure that corruption practices are actively discouraged, MAAG has engaged legal advisors to draft internal anti-corruption policies, as well as conduct training at all levels of the Group on relevant procedures for dealing with corrupt practices. Through this, all the Group's employees and management adhere to the policy. The Compliance division manages the implementation of all internal training and reporting processes to the management and Board of Directors. Any incidents related to financial corruption will be the purview of our external auditors, while on an operational level our internal audit processes are in place to ensure any malfeasance is dealt with.

In 2018, no cases relating to confirmed incidents of corruption, dismissal of employees due to corruption, termination of business contracts due to corruption or public legal cases against the Company related to corruption were found throughout the Group.

MAAGAP

The MAAGAP Anti-Fraud policy was formulated in compliance with the guidelines set forth by the Insurance Commission through its Circular Letter (CL) No. 2016-50 (06-Sep-16). The policy identifies the measures that the Company shall implement to prevent, deter and detect fraud. The policy applies to all employees and officers of the Company. The Philippines subsidiary has an Anti-Fraud Investigation Team, which comprises management-level representatives from the HR, IA and Legal & Compliance departments.

Employment

For MAAG, it is crucial that we strive to be a fair and equitable employer that genuinely cares for the growth and future of its employees. Good talent is becoming an increasingly difficult commodity to acquire, particularly with the demand for strong communication skills that our Group requires.

The employment process at MAAG is managed by our Human Resources ("HR") Department, with the Head of HR reporting directly to the Group Managing Director. All relevant details are reported to the Remuneration and Nomination Committee ("RNC") who are made up of members of the Board. The HR Group then prepares a comprehensive report detailing the turnover rate for the RNC annually.

To maintain the quality management of our staff, all HR employees must attend a minimum of 4 training sessions per year to ensure that any updates in labour laws and management efficiency are up to date and internalised for Group implementation. Our HR Policies are developed and managed at Group level through our Handbook and Internal Control Procedures ("ICPs"), our policies are reviewed annually by Group HR with the support of all departments. Individual employee performance is evaluated through set annual KPIs. We encourage all our employees to consult HR to have a more in-depth understanding of their KPIs, HR policies and ICPs.

Within this reporting period, we have recorded a total of 329 employees, which take into account 108 new employees and 84 employee turnovers. MAAG experienced a hiring rate of 26%, which comprised mostly of the under 30-year old group, and males had a higher ratio of hire over females. The Group had a turnover rate of 33% of which the majority came from the 30-to-50-year old age group and were equally represented from a gender perspective in 2018. Please refer to Figure 2 for the percentage breakdown of employee new hires by age and gender, as well as to Figure 3 for the percentage breakdown of employee turnover by age and gender:

a) The total number of new employee hires in 2018 was 108 employees, and the percentage breakdown by age and gender can be viewed in Figure 2:

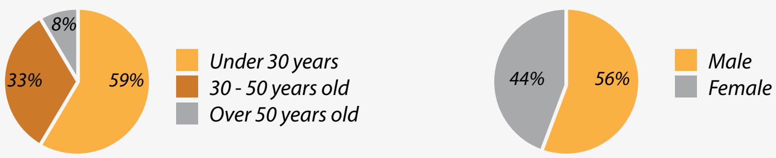


Figure 2: Percentage Breakdown of New Employees Hired by Age and Gender

b) The total number of employee turnovers in 2018 was 84 employees, and the percentage breakdown by age and gender can be viewed in Figure 3:

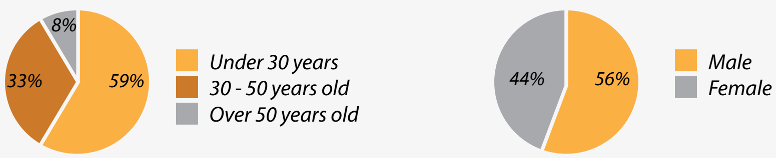


Figure 3: Percentage Breakdown of Employees Turnover by Age and Gender

Socio-Economic Compliance

Socioeconomic compliance is an important aspect of maintaining the image and reputation of MAAG. From the group level, MAAG have set in place several policies such as the Anti-Fraud Framework, Policy of Conflict of Interest, Compliance Framework and Enterprise Risk Management in place, in order to ensure that compliance to social and economic legislation is adhered.

In the Philippines Insurance industry, MAAGAP have achieved a growth in market share through an increased volume of our branch operations, as well as solidified and expanded our relationship with relevant government agencies relating to insurance companies' operations. Our good performance, particularly in the settlement of claims, has assisted with shaping and stabilising the local industry, resulting in a more competitive market. Due to the strict regulation of the insurance businesses, we explore MAAGAP's management approaches in further detail, as maintaining MAAGAP's operating licence is key to maintaining our ranking as a dominant player in the industry. MAAGAP must ensure adherence to the Insurance Commission's regulation by obtaining a Certificate of Authority as proof of compliance to all the requirements of law to transact insurance business.

An ISO management Team, designated by the President and CEO of MAAGAP, is in place to manage our operations and policy compliance. This safeguard us against any audit conducted on our operations, such as the annual random audit of policies by the Insurance Commission ("IC") in the Philippines. Management of MAAGAP is responsible for reviewing the audit results and managing the improvement of MAAGAP's processes based on the ISO team's recommendations.

On a group level, HR works to monitor due processes and reported grievances to ensure that violations against the Company's Code of Conduct are kept to a minimum. Any offenders of the Group's internal policies will be dealt through disciplinary measures including suspension and termination of employment. The Group considers socioeconomic compliance a priority and has made its implementation a company-wide effort. Further details on these policies are laid out in our Company quality plan.

MAAGAP

Our subsidiary, MAAGAP non-life insurance is one of the fastest growing insurance companies and ranks Top 15 in the country. The growth has increased profits and investment funding, ultimately leading to competitive employee compensation packages in order to attract and retain talent. MAAGAP have obtained ISO 9001:2015 certification to ensure good management in its operations.

There were no significant fines, non-monetary sanctions or cases brought through dispute resolution mechanisms for non-compliance with laws and regulations that resonates with anti-bribery or corruption and anti-competition law within for financial year of 2018 in our Malaysian subsidiaries. Our Philippines subsidiary, MAAGAP has received one minor fine for a breach in tariff rates. The cause of the tariff rate breach is due to the industry average rates being below the allowed tariff rate in order to remain competitive. MAAGAP's mitigation plan is to maintain consistent communication with the Insurance Commission on this issue.

2018
FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2018.

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
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
Datin Seri Raihanah Begum binti Abdul Rahman (appointed on 22 February 2018)
Yeo Took Keat
Datuk Muhamad Umar Swift (resigned on 8 February 2019)
Tan Sri Datuk Seri Razman Md Hashim (retired on 5 June 2018)
Tan Sri Ahmad bin Mohd Don (retired on 5 June 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 45 to the financial statements.

FINANCIAL RESULTS

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

	GROUP	COMPANY
	RM'000	RM'000
Net loss for the financial year attributable to:		
- Owners of the Company	(27,457)	(37,918)
- Non-controlling interests	119	-
Net loss for the financial year	(27,338)	(37,918)

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 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 1.1.2018	Acquired	Disposed	At 31.12.2018
Tunku Dato' Yaacob Khyra - deemed indirect interest #	105,777,084	-	-	105,777,084
Yeo Took Keat	80,000	-	-	80,000

Tunku Dato' Yaacob Khyra 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 and Melewar Acquisitions Limited who are the substantial shareholders of the Company.

DIVIDENDS

The Company paid a first interim dividend of 3 sen per ordinary share under the single-tier dividend system in respect of the current financial year ended 31 December 2018 totaling RM8,205,533 on 25 April 2018.

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

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 37 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 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 RM259,000 and RM182,000 respectively.

There were no indemnity given to, or insurance effected for auditors of the Group and 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 amount 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 45 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 After The Financial Year End" in Note 46 to the financial statements.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Significant events during and after the financial year are disclosed in Note 45 and Note 46 to the financial statements respectively.

AUDITORS' REMUNERATION

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

AUDITORS

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

This report was approved by the Board of Directors on 11 April 2019. Signed on behalf of the Board of Directors:

TUNKU DATO' YAACOB KHYRA
DIRECTOR

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
DIRECTOR

Kuala Lumpur

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

We, Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah, 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 073 to 194 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 2018 and financial performance of the Group and of the Company for the financial year ended 31 December 2018 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 11 April 2019.

TUNKU DATO' YAACOB KHYRA
DIRECTOR

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
DIRECTOR

Kuala Lumpur

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

I, Tunku Dato' Yaacob Khyra, 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 073 to 194 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.

TUNKU DATO' YAACOB KHYRA

Subscribed and solemnly declared by the above named at Kuala Lumpur in Malaysia on 11 April 2019.

Before me:

COMMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(INCORPORATED IN MALAYSIA)
(COMPANY NO. 471403-A)

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 2018, 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 2018 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 73 to 194.

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. 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. Approval is given by Bursa Securities on 30 October 2018 for an extension of time up to 30 April 2019.	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 2018 amounted to RM109 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.	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 our 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 Chairman's Message, Management's Discussion and Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Audit Committee Report, Directors' Report.

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.

(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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAA GROUP BERHAD

(INCORPORATED IN MALAYSIA)
(COMPANY NO. 471403-A)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

(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

WONG HUI CHERN
03252/05/2020 J
Chartered Accountant

Kuala Lumpur
11 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		GROUP		COMPANY	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property, plant and equipment	4	4,105	4,612	1,241	1,550
Investment properties	5	46,234	49,982	28,480	29,690
Intangible assets	6	658	590	93	127
Subsidiaries	7	-	-	109,000	115,000
Associates	8	-	52,460	-	-
Deferred tax assets	9	2,045	667	-	-
Tax recoverable		177	172	-	-
Investments		239,473	230,058	40,319	39,273
At fair value through profit or loss	10(a)	105,273	19,310	40,319	17,267
At fair value through other comprehensive income	10(b)	64,740	-	-	-
At amortised costs	10(c)	69,460	-	-	-
Available-for-sale	10(d)	-	210,748	-	22,006
Loans and receivables	11	4,528	105,497	15	100,991
Reinsurance assets	12	40,023	34,943	-	-
Insurance receivables	13	47,608	44,322	-	-
Deferred acquisition costs	14	17,447	16,475	-	-
Trade and other receivables	15	103,369	97,591	94,333	90,975
Retirement benefit asset	20	101	-	-	-
Cash and cash equivalents	16	251,132	141,226	162,227	105,970
TOTAL ASSETS		756,900	778,595	435,708	483,576
EQUITY AND LIABILITIES					
LIABILITIES					
Insurance contract liabilities	17	149,233	150,968	-	-
Deferred tax liabilities	9	748	771	129	154
Insurance payables	18	13,580	8,656	-	-
Deferred reinsurance commissions	14	833	701	-	-
Trade and other payables	19	56,436	52,101	3,051	4,770
Retirement benefit liability	20	-	559	-	-
Current tax liabilities		2,552	2,213	-	-
TOTAL LIABILITIES		223,382	215,969	3,180	4,924
EQUITY					
Share capital	21	304,354	304,354	304,354	304,354
Retained earnings	22	236,931	259,140	128,174	164,987
Reserves	22	(11,186)	(4,168)	-	9,311
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		530,099	559,326	432,528	478,652
Non-controlling interests	7	3,419	3,300	-	-
TOTAL EQUITY		533,518	562,626	432,528	478,652
TOTAL EQUITY AND LIABILITIES		756,900	778,595	435,708	483,576

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

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		GROUP		COMPANY	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Gross earned premiums	23	148,461	98,573	-	-
Premiums ceded to reinsurers	23	(44,440)	(28,389)	-	-
Net earned premiums		104,021	70,184	-	-
Investment income	24	16,534	15,190	7,885	9,659
Realised gains and losses	25	(3,337)	2,831	523	29
Fair value gains and losses	26	(32,379)	(8,308)	(20,693)	(8,090)
Commission income	14	2,448	1,861	-	-
Other operating revenue from non-insurance businesses	27	4,246	5,261	719	691
Other operating income/(expenses) - net	28	2,923	31,822	(8,131)	53,257
Other (expenses)/revenue		(9,565)	48,657	(19,697)	55,546
Total revenue/(expenses)		94,456	118,841	(19,697)	55,546
Gross claims paid		(48,972)	(24,355)	-	-
Claims ceded to reinsurers		6,040	2,116	-	-
Gross change to contract liabilities		(2,020)	(20,776)	-	-
Change in contract liabilities ceded to reinsurers		4,604	9,663	-	-
Net claims incurred		(40,348)	(33,352)	-	-
Commission expenses	14	(37,299)	(23,678)	-	-
Management expenses	29	(45,869)	(40,810)	(18,246)	(18,224)
Finance costs		(9)	(9)	-	-
Other expenses		(83,177)	(64,497)	(18,246)	(18,224)
Share of profit of associates, net of tax	8	4,696	7,636	-	-
(Loss)/profit before taxation		(24,373)	28,628	(37,943)	37,322
Taxation	30	(2,965)	(2,284)	25	31
(Loss)/profit for the financial year		(27,338)	26,344	(37,918)	37,353
(Loss)/profit for the financial year attributable to:					
- Owners of the Company		(27,457)	25,136	(37,918)	37,353
- Non-controlling interests		119	1,208	-	-
		(27,338)	26,344	(37,918)	37,353
Basic (loss)/earnings per ordinary share attributable to owners of the Company (sen)		(10.04)	9.19		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
(Loss)/profit for the financial year		(27,338)	26,344	(37,918)	37,353
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Foreign currency translation differences	22	6,975	(17,695)	-	-
Net fair value loss on debt securities at fair value through other comprehensive income	22	(2,876)	-	-	-
Net fair value gains on available-for-sale investments	22	-	7,325	-	7,297
Share of fair value changes of available-for-sale investments of associates	8	-	526	-	-
Share of fair value changes of available-for-sale investments transferred to profit or loss arising from deemed disposal of an associate	33(a)	-	728	-	-
		4,099	(9,116)	-	7,297
Items that will not be reclassified to profit or loss:					
Net fair value loss on equity securities at fair value through other comprehensive income	22	(1,077)	-	-	-
Remeasurements gain/(loss) on retirement benefit plan	20	346	(80)	-	-
		(731)	(80)	-	-
Other comprehensive income/(loss) for the financial year, net of tax		3,368	(9,196)	-	7,297
Total comprehensive (loss)/income for the financial year		(23,970)	17,148	(37,918)	44,650
Total comprehensive (loss)/income for the financial year attributable to:					
- Owners of the Company		(24,089)	15,940	(37,918)	44,650
- Non-controlling interests		119	1,208	-	-
		(23,970)	17,148	(37,918)	44,650

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

GROUP

		Attributable to owners of the Company						
		Issued and fully paid ordinary shares						
	Note	Number of shares '000	Share capital RM'000	Retained earnings RM'000	Reserves RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018								
- as previously stated		273,518	304,354	259,140	(4,168)	559,326	3,300	562,626
- change in accounting policy	35	-	-	13,108	(10,040)	3,068	-	3,068
- restated		273,518	304,354	272,248	(14,208)	562,394	3,300	565,694
Loss for the financial year	22	-	-	(27,457)	-	(27,457)	119	(27,338)
Other comprehensive income/(loss) for the financial year	22	-	-	346	3,022	3,368	-	3,368
Total comprehensive (loss)/income for the financial year		-	-	(27,111)	3,022	(24,089)	119	(23,970)
Interim dividends paid	31	-	-	(8,206)	-	(8,206)	-	(8,206)
At 31 December 2018		273,518	304,354	236,931	(11,186)	530,099	3,419	533,518
At 1 January 2017		273,518	273,518	234,811	38,149	546,478	-	546,478
Transition to no-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	31	-	-	(24,617)	-	(24,617)	-	(24,617)
Acquisition of subsidiary with non-controlling interests	33(a)	-	-	-	(2,365)	(2,365)	26,502	24,137
Realised foreign currency translation differences		-	-	10,233	-	10,233	-	10,233
Transactions with non-controlling interests	33(b),(c)	-	-	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

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

COMPANY

	Note	Non-distributable			Distributable	
		Issued and fully paid ordinary shares				
		Number of shares	Share capital	Reserves	Retained earnings	Total equity
		'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018						
- as previously stated		273,518	304,354	9,311	164,987	478,652
- change in accounting policy	35	-	-	(9,311)	9,311	-
- restated		273,518	304,354	-	174,298	478,652
Loss for the financial year	22	-	-	-	(37,918)	(37,918)
Other comprehensive loss for the financial year		-	-	-	-	-
Total comprehensive loss for the financial year		-	-	-	(37,918)	(37,918)
Interim dividends paid	31	-	-	-	(8,206)	(8,206)
At 31 December 2018		273,518	304,354	-	128,174	432,528
At 1 January 2017		273,518	273,518	32,850	152,251	458,619
Transition to no-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	31	-	-	-	(24,617)	(24,617)
At 31 December 2017		273,518	304,354	9,311	164,987	478,652

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	GROUP 2018 RM'000	GROUP 2017 RM'000
OPERATING ACTIVITIES			
(Loss)/profit for the financial year		(27,338)	26,344
Adjustment for:			
Investment income	24	(16,534)	(15,190)
Realised gains and losses	25	3,337	(2,831)
Fair value gains and losses	26	32,379	8,308
Property, plant and equipment written off	28	1	196
Write back of impairment loss on loans from money lending, hire purchase and other credit facilities	28	-	(2)
Impairment loss on investments at AC	28	105	-
Impairment loss on investments at FVOCI	28	5	-
Impairment loss on fixed and call deposits	28	1	-
Impairment loss on cash and cash equivalents	28	(14)	-
Realised foreign exchange (gains)/losses	28	(129)	1,701
Unrealised foreign exchange losses/(gain)	28	2,122	(130)
Present value adjustment on Retained Consideration	28	(3,959)	(1,841)
Loss on deconsolidation of subsidiaries	28	757	682
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)
Depreciation of property, plant and equipment	29	959	954
Amortisation of leases	29	1	1
Amortisation of intangible assets	29	84	70
Allowance for impairment loss on other receivables	29	-	44
Write back of impairment loss on insurance receivables	29	91	(95)
Share of profit of associates	8	(4,696)	(7,636)
Tax expense	30	2,965	2,284
Changes in working capital:			
(Increase)/decrease in loans and receivables		(19)	271
Increase in reinsurance assets		(5,080)	(3,389)
(Increase)/decrease in insurance receivables		(3,709)	3,664
Increase in deferred acquisition costs		(972)	(1,161)
Decrease in trade and other receivables		2,733	22,687
(Decrease)/increase in insurance contract liabilities		(1,735)	17,506
Increase/(decrease) in insurance payables		4,924	(25)
Increase/(decrease) in deferred reinsurance commission		132	(806)
Increase in trade and other payables		4,357	1,302
Cash (used in)/generated from operating activities		(9,232)	21,217
Purchases of financial assets	10	(118,967)	(139,355)
Proceeds from disposal of financial assets		75,124	100,919
Interest income received		13,672	13,848
Dividend income received		3,418	2,416
Rental income received		346	301
Income tax paid		(3,938)	(1,545)
Income tax refund		1	60
Net cash used in operating activities		(39,576)	(2,139)

	Note	GROUP 2018 RM'000	GROUP 2017 RM'000
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	4	(534)	(784)
Proceeds from disposal of property, plant and equipment		43	173
Additions from subsequent expenditure of investment properties	5	(609)	(6,245)
Purchase of intangible assets	6	(156)	(97)
Proceeds from disposal of an associate	8	56,713	-
Decrease in fixed and call deposits		99,978	27,162
Net cash outflow from business combination	33(a)(vi)	-	(5,004)
Net cash outflow from deconsolidation of subsidiaries	34	(29)	(737)
Net cash generated from investing activities		155,406	14,468
FINANCING ACTIVITIES			
Dividends paid	31	(8,206)	(24,617)
Net cash used in financing activities		(8,206)	(24,617)
Net increase/(decrease) in cash and cash equivalents		107,624	(12,288)
Currency translation differences		2,374	(3,560)
Cash and cash equivalents at beginning of financial year		141,226	157,074
Cash and cash equivalents at end of financial year	16	251,224	141,226

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(continued)

	Note	COMPANY 2018 RM'000	COMPANY 2017 RM'000
OPERATING ACTIVITIES			
(Loss)/profit for the financial year		(37,918)	37,353
Investment income	24	(7,885)	(9,659)
Realised gains and losses	25	(523)	(29)
Fair value gains and losses	26	20,693	8,090
Property, plant and equipment written off	28	1	18
Allowance for/(write back of) impairment loss on investments in subsidiaries	28	12,360	(377)
Write back of impairment loss on amounts due from subsidiaries	28	-	(32,714)
Realised foreign exchange losses	28	173	2,038
Unrealised foreign exchange losses	28	714	195
Present value adjustment on Retained Consideration	28	(3,959)	(1,841)
Other income arising from settlement with other receivables	28	-	(20,000)
Allowance for impairment loss on other receivables	29	-	44
Depreciation of property, plant and equipment	29	351	432
Amortisation of intangible assets	29	50	56
Tax income	30	(25)	(31)
Changes in working capital:			
(Increase)/decrease in loans and receivables		(14)	6
Decrease/(increase) in trade and other receivables		478	(797)
(Decrease)/increase in trade and other payables		(1,720)	155
Cash used in operating activities		(17,224)	(17,061)
Interest income received		8,268	8,324
Dividend income received		607	28
Net cash used in operating activities		(8,349)	(8,709)
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	4	(44)	(171)
Proceeds from disposal of property, plant and equipment		-	3
Addition from subsequent expenditure of investment properties	5	(273)	(6,115)
Purchase of intangible assets	6	(16)	-
Increase in investment in a subsidiary		(6,360)	(62,400)
Repayment of advances due from subsidiaries		-	63,471
Purchase of equity securities		(55,595)	(28,424)
Proceeds from disposal of equity securities		35,100	708
Decrease in fixed and call deposits		100,000	33,000
Net cash generated from investing activities		72,812	72
FINANCING ACTIVITIES			
Dividends paid		(8,206)	(24,617)
Net cash used in financing activities		(8,206)	(24,617)
Net increase/(decrease) in cash and cash equivalents		56,257	(33,254)
Cash and cash equivalents at beginning of financial year		105,970	139,224
Cash and cash equivalents at end of financial year	16	162,227	105,970

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 45 to the financial statements.

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

Registered office

Suite 11.05, 11th 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 dated 11 April 2019.

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, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

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.

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 standards, amendments and improvements to MFRSs have been adopted by the Group and the Company for the financial year beginning on or after 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Amendments to MFRS 140 'Investment Property – Transfers of Investment Property'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 'Investments in Associates and Joint Ventures'
- Amendments to MFRS 4 'Applying MFRS 9 'Financial Instruments' with MFRS 4 'Insurance Contracts'

The Group and the Company has adopted MFRS 9 for the first time in the 2018 financial statements with the date of initial application of 1 January 2018. The standard is applied retrospectively.

In accordance with the transitional provisions provided in MFRS 9, comparative information for 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. Details of the impact of change in accounting policy are set out in Note 35 to the financial statements.

Other than that, the adoption of MFRS 15 and other amendments listed above do not have any impact on the current period or any prior period and are 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 2019

- MFRS 16 'Leases' supersedes MFRS 117 'Leases', IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  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.

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 (continued)

- 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.

Effective from financial year beginning on or after 1 January 2020

- The Conceptual Framework for Financial Reporting (Revised 2018)

  The Malaysian Accounting Standard Board ("MASB") also issued Amendments to References to the Conceptual Framework in MFRS Standards ('Amendments'), to update references and quotations to fourteen (14) Standards so as to clarify the version of Conceptual Framework these Standards refer to, for which the effective date above applies. The Amendments should be applied retrospectively in accordance with MFRS 108 unless retrospective application would be impracticable or involve undue cost or effort.

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.

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 (continued)

- MFRS 17 'Insurance Contracts' replaces MFRS 4 'Insurance Contracts' (continued)

  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 different insurance coverage:

  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 International Accounting Standards Board has tentatively proposed to amend the effective date of IFRS 17 'Insurance Contracts' to 1 January 2022.

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 MASB that are effective from financial year beginning on or after 1 January 2019 are not expected to have a material impact on the Group and the Company, except as mentioned below:

MFRS 16 'Leases'

On transition to MFRS 16 at the date of initial application of 1 January 2019, the Group and the Company would apply certain practical expedients to leases previously classified as operating leases under MFRS 117 and apply the modified retrospective approach under which the cumulative effect of initial application of MFRS 16 is recognised in retained earnings at 1 January 2019.

Based on the assessment conducted by the Group, on transition to MFRS 16 the Group and the Company would recognise right-of-use assets totalling RM6,417,000 and RM2,023,000 equal to the amount of lease liabilities with nil adjustment for prepaid or accrued lease payments.

When measuring the lease liabilities, the Group and the Company discount the operating lease commitments using the incremental borrowing rates at 1 January 2019. The weighted-average rates applied by the Group and the Company is 9.1% and 10.7% respectively.

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 ("NCI") in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any NCI 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, NCI 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 9 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.

NCI 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 NCI 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 NCI to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI 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 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 or 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(a) Cost

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

The cost of an item of property, plant and equipment 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 2.20 to the financial statements on borrowings).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the 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.

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

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

(c) Impairment

At the end of each reporting period, the Group and the 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 recoverable amount is less than the carrying 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 surplus reserve

Increases in the carrying amounts arising from revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. 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 surplus reserve to retained earnings.

When revalued assets are sold, 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)

2.5 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 and the Company.

Investment property is measured initially at costs, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is carried at fair value. 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 and the Company 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 Company 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.

Changes in fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits is expected from its disposal.

Where the Group and the 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.

Gains or losses on disposal are determined by the comparing net disposal proceeds with the carrying amount and are included in profit or loss.

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 such a property at the date of transfer is retreated in the same was as revaluation under MFRS 116 'Property, plant and equipment'. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase credited directly to other comprehensive income in revaluation surplus reserve. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus reserve, with any remaining decrease charged to profit or loss.

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.

2.6 Intangible assets

<u>Goodwill</u>

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangible assets (continued)

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. Developments costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Company, and that will generate probably future economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, ranging between 5 to 10 years.

2.7 Financial assets

Accounting policies applied from 1 January 2018

(a) Classification

From 1 January 2018, the Group and the Company classifies financial assets in the following measurement categories:

- those to be measured at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and derecognition

Regular way purchases or sales of financial assets are recognised on the trade date, the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group and the Company classifies debt instruments:

(i) Amortised cost ("AC")

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at AC. Interest income from these financial assets is included in 'Investment income' using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Realised gains and losses' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in 'Other operating income/(expenses)' in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(c) Measurement (continued)

Debt instruments (continued)

There are three measurement categories into which the Group and the Company classifies debt instruments: (continued)

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in 'Realised gains and losses'. Interest income from these financial assets is included in 'Investment Income' using the effective interest rate method. Foreign exchange gains and losses and impairment losses are presented in 'Other operating income/(expenses)' in profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within 'Fair value gains and losses' in the period in which it arises.

Equity instruments

The Group and the Company measures all equity investments at fair value. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Where the Group and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as 'Investment Income' when the Group and the Company's rights to receive payments are established.

Changes in the fair value of financial assets at FVTPL are recognised in 'Fair value gains and losses' in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Derivative instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in 'Fair value gains and losses' in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Accounting policies applied until 31 December 2017

(a) Classification

The Group and the 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 and the 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 and the Company's management has the positive intention and ability to hold to maturity. If the Group and the Company 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.

(b) Recognition and initial measurement

Regular purchases or sales of financial assets are recognised on the trade date, the date on which the Group and the Company commits 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 rate 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 value of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy in Note (d) below) and foreign exchange gains and losses on monetary assets (see accounting policy in Note 2.26(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 rate method is recognised in profit or loss. Dividend income on AFS equity instruments are recognised in profit or loss when the Group and the Company's right to receive payments is established.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(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 and the Company first assesses at each reporting date whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group and the 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 and the 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.

AFS financial assets

The Group and the 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 and the 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 and the 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets

Accounting policies applied from 1 January 2018

The Group and the Company assess on a forward looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at AC and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contract terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at FVOCI, the Group and the Company applies the low credit risk simplication. At end of each reporting period, the Group and the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making the evaluation, the Group and the Company reassesses the internal credit rating of the debt instrument. In addition, the Group and the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group and the Company's debt instruments at FVOCI comprise solely of quoted debt securities that are graded in the top investment category (Very Good and Good) by S&P Global Ratings and, therefore, are considered to be low credit risk investments. It is the Group and the Company's policy to measure ECLs on such instruments on a 12-month basis. However when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime ECL. The Group and the Company uses the ratings from S&P Global Ratings to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

For insurance receivables, the General insurance subsidiary applies a simplified approach in calculating ECLs. Therefore, the General insurance subsidiary does not track changes in credit risk, but instead recognised a loss allowance based on lifetime ECL at end of each reporting period. The General insurance subsidiary has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company assesses at end of each reporting date whether a financial asset or group of financial assets is impaired. The Group and the Company considers a financial asset is in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are tested 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 recoverable amount is less than its carrying 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 other than goodwill that suffered impairment are reviewed for possible reversal of impairment at end of 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 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Loans

Loans are recognised initially at fair values and subsequently measured at amortised costs using the effective interest rate 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.

2.12 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 General insurance subsidiary reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The General insurance subsidiary 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 2.8 to the financial statements on impairment of financial assets.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.7(e) to the financial statements on derecognition of financial assets have been met.

2.13 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 and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

The Group and the Company holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

The Group and the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.14 Loans to subsidiaries

Loans to subsidiaries are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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.

2.16 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and 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.

2.17 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.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

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.

2.18 Trade and other payables

Trade payables represent liabilities for good and services provided to the Group and the 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 classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.19 Insurance payables and other financial liabilities

Insurance payables and other financial liabilities 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 rate method.

Insurance payable and other financial liability 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Borrowings

Borrowings are initially recognised 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

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.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.21 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.

2.22 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Contingent assets and liabilities

The Group and the 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 and the 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 and the Company. The Group and the Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

2.24 Provisions

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

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.

2.25 Operating segments

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.

2.26 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 cash flow 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 debt instruments classified as at fair value through other comprehensive income (2017: available-for-sale) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost 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 at fair value through other comprehensive income (2017: available-for-sale), are included in other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Foreign currencies (continued)

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate 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 NCI 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.

2.27 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 has 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 pays 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 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 has no further payment obligations.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Employee benefits (continued)

Defined benefit plans

The net defined benefit liability or asset recognised in the statement of financial position in respect of defined benefit pension plan 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 recognised 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.

2.28 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 rate, a credit rating or credit index or other variable.

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)

2.29 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 end of each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence exists that the General insurance subsidiary may not recover all outstanding amounts under the terms of the contract and when the impact on the amounts that the General insurance subsidiary will receive from the reinsurer can be measured reliably. 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.

2.30 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.

<u>Gross premiums</u>

Gross premiums on insurance contracts comprise the total premiums receivable for the whole period of cover provided by insurance contracts entered into during the accounting period and are recognised 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 past experience and are included in premiums written.

Premiums from 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.

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.

<u>Reinsurance premiums</u>

Gross reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by insurance 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.

The related reinsurance premiums ceded that pertain 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 General insurance underwriting results (continued)

Commission income

Commissions earned from 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 expenses

Commission incurred from insurance contracts are recognised as expense 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 acquisition costs' and presented in the assets section of the statement of financial position.

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. For policies with policy duration less than one year or more than one year, the DAC considers the actual DAC from the date of valuation to the date of termination of policies. 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 end of each 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.

2.31 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. 'Gross change in provision for unearned premiums' account is taken to profit or loss in the 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, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the end of the reporting period. The liability is not discounted for the time value of money and includes provision for claims reported and IBNR. The provision for claim liability is based on the adjusters' report on the individual claims and the provision for IBNR is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include margin for adverse deviation. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract is discharged, cancelled or has expired.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Insurance Contact Liabilities (continued)

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. 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.

2.32 Other revenue recognition

Interest income

Interest income is recognised using the effective interest rate method.

Interest income on financial assets measured at AC and at FVOCI (2017: AFS debt securities and loans and receivables) is calculated using the effective interest rate method and recognised as 'Investment Income' in profit or loss.

Accounting policies applied until 31 December 2017

When a financial asset is impaired, the Group and the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the financial asset and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Dividend income

Dividend income are received from financial assets measured at FVTPL and at FVOCI (2017: AFS) when the Group's/Company's right to receive payment is established. Dividend income are recognised as 'Investment Income' in profit or loss when the Group's/Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Accounting policies applied from 1 January 2018

From 1 January 2018 onwards, dividends that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

Rental income

Rental income from investment properties are recognised as 'Investment Income' in profit or loss on accrual basis.

Other fee income

Management, consultancy and advisory, educational and other services fees are recognised as 'Other Operating Revenue from Non-Insurance Businesses' in profit or loss when the services are provided.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.33 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 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 Company and its 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 income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

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 and the Company 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 and the Company sells the property.

2.34 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the number of ordinary shares in issue 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) Valuation of insurance contract liabilities

For the General insurance subsidiary, estimates are made for the expected ultimate cost of claims reported and 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 ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques such as Chain Ladder method and Bornhuetter-Ferguson method based on paid ad reported claims information.

The main assumption underlying these techniques is that the company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

As at 31 December 2018, the carrying values of provision for outstanding claims and IBNR of the General insurance subsidiary amounted to RM72,949,000 and RM16,365,000 respectively.

(ii) Impairment of insurance receivables

The General insurance subsidiary uses a simplified approach in the calculation of its ECL on its insurance receivables by using a provision matrix that specifies the fixed provision rates. It considers how the current and forward-looking information might affect the customer's historical default rates and consequently, how the information would affect the current expectations and estimates of ECLs.

Historical credit loss rate is computed using the net flow rate of the ageing of receivables based on the number of days it is past due. Whereas, forward looking rate is derived by using forecast information of macroeconomic factors such as GDP and inflation rates through regression analysis.

The assessment of the correlation amongst the historical credit loss rates, forecast economic conditions and ECL is a significant estimate. Thereby, changes in circumstances and forecast on economic conditions will greatly impact the ECL calculation which later on may not be a representation of the customer's actual default in the future.

Insurance receivables of the General insurance subsidiary, net of allowance for impairment losses, amounted to RM47,608,000 (2017: RM44,322,000) as at 31 December 2018.

(iii) Estimation of retirement benefit asset/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 2018, retirement benefit asset stood at RM101,000 (2017: retirement benefit liability of RM559,000) with retirement benefit costs of RM485,000 (2017: RM356,000) recognised in statement of profit or loss.

4 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Note	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2017		178	-	3,735	2,441	2,303	8,657
Arising from business combination	33(a)	-	842	2,129	1,139	685	4,795
Additions		-	-	370	243	171	784
Disposals		-	-	(1,147)	(665)	(1)	(1,813)
Written off	28	-	-	(320)	-	(230)	(550)
Currency translation differences		-	(50)	(130)	(61)	(41)	(282)
At 31 December 2017 / 1 January 2018		178	792	4,637	3,097	2,887	11,591
Additions		-	-	299	113	122	534
Disposals		-	-	(108)	(24)	(4)	(136)
Written off	28	-	-	(5)	-	-	(5)
Currency translation differences		-	(26)	(36)	(28)	(22)	(112)
At 31 December 2018		178	766	4,787	3,158	2,983	11,872

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

GROUP

	Note	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation							
At 1 January 2017		6	-	2,410	1,406	1,093	4,915
Arising from business combination	33(a)	-	247	1,640	735	659	3,281
Depreciation for the financial year	29	-	27	431	250	246	954
Amortisation for the financial year	29	1	-	-	-	-	1
Disposals		-	-	(1,099)	(588)	-	(1,687)
Written off	28	-	-	(296)	-	(58)	(354)
Currency translation differences		-	(16)	(101)	(31)	(39)	(187)
At 31 December 2017 / 1 January 2018		7	258	2,985	1,772	1,901	6,923
Depreciation for the financial year	29	-	37	474	197	251	959
Amortisation for the financial year	29	1	-	-	-	-	1
Disposals		-	-	(81)	(24)	-	(105)
Written off	28	-	-	(4)	-	-	(4)
Currency translation differences		-	(7)	(21)	(14)	(21)	(63)
At 31 December 2018		8	288	3,353	1,931	2,131	7,711
Accumulated impairment loss							
At 31 December 2017 / 31 December 2018		56	-	-	-	-	56
Net book value							
At 31 December 2017		115	534	1,652	1,325	986	4,612
At 31 December 2018		114	478	1,434	1,227	852	4,105

4 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Note	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
		RM'000	RM'000	RM'000	RM'000
Cost					
At 1 January 2017		1,678	1,534	774	3,986
Additions		171	-	-	171
Disposals		(121)	-	-	(121)
Written off	28	(46)	-	-	(46)
At 31 December 2017 / 1 January 2018		1,682	1,534	774	3,990
Additions		44	-	-	44
Disposals		(3)	-	-	(3)
Written off	28	(5)	-	-	(5)
At 31 December 2018		1,718	1,534	774	4,026
Accumulated depreciation					
At 1 January 2017		871	889	386	2,146
Depreciation for the financial year	29	202	153	77	432
Disposals		(110)	-	-	(110)
Written off	28	(28)	-	-	(28)
At 31 December 2017 / 1 January 2018		935	1,042	463	2,440
Depreciation for the financial year	29	197	77	77	351
Disposals		(2)	-	-	(2)
Written off	28	(4)	-	-	(4)
At 31 December 2018		1,126	1,119	540	2,785
Net book value					
At 31 December 2017		747	492	311	1,550
At 31 December 2018		592	415	234	1,241

5 INVESTMENT PROPERTIES

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
At 1 January		49,982	19,824	29,690	-
Additions from subsequent expenditure		609	6,245	273	6,115
Transferred from other receivables[N1]		-	31,500	-	31,500
Net fair value losses	26	(2,837)	(8,089)	(1,483)	(7,925)
Currency translation differences		(1,520)	502	-	-
At 31 December		46,234	49,982	28,480	29,690
Comprising:					
Leasehold land and buildings		46,234	49,982	28,480	29,690

[N1] As at 31 December 2016, there was an amount of RM20.0 million ("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 Insurance Company Ltd ("Zurich") under the conditions precedent in the Settlement Agreement signed with Zurich in 2011 on the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) and RM2.0 million being deposit 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 was 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 was 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 had 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 had 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.

On 11 April 2017, the Company entered into the following agreements for the Acquisition of Properties with PIMA:

(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 PKA 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 had recognised an income of RM20.0 million under 'Other operating income/(expenses) – net' in profit or loss and in 2017 a transfer of RM31.5 million from other receivables to investment properties.

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 in profit or loss.

5 INVESTMENT PROPERTIES (continued)

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Level 2	46,234	49,982	28,480	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 and the Company's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period. There was no transfer between levels during the financial year ended 31 December 2018 (2017: no transfer).

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

		GROUP		COMPANY	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
		RM'000	RM'000	RM'000	RM'000
Rental income	24	346	301	-	-
Direct operating expenses arising from					
rental income generating investment properties	29				
- Caretaker fees		(22)	(25)	-	-
- Staff salaries		(121)	(138)	-	-
- Utilities		(87)	(91)	-	-
- Repair and maintenance		(104)	(180)	-	-
- Valuation fees		(13)	(8)	-	-
- Property management service fees		(36)	(24)	-	-
- Taxes and others		(42)	(27)	-	-
		(425)	(493)	-	-
Direct operating expenses arising from					
non-rental income generating investment properties	29				
- Repair and maintenance		(44)	-	(44)	-
- Property maintenance fee and sinking fund		(107)	(77)	(107)	(77)
- Quit rent and assessment		(150)	(27)	(150)	(27)
- Securities charges		(58)	-	(58)	-
- Professional fee		(601)	(66)	-	-
- Others		(57)	(19)	(11)	(8)
		(1,017)	(189)	(370)	(112)

6 INTANGIBLE ASSETS

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
Cost					
At 1 January		1,151	985	621	621
Arising from business combination	33(a)	-	73	-	-
Additions		156	97	16	-
Currency translation differences		(4)	(4)	-	-
At 31 December		1,303	1,151	637	621
Accumulated amortisation					
At 1 January		561	491	494	438
Amortisation for the financial year	29	84	70	50	56
At 31 December		645	561	544	494
Net carrying amount		658	590	93	127

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 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
Investments in subsidiaries, at cost	247,988	241,628
Less: allowance for impairment loss	(138,988)	(126,628)
	109,000	115,000

7 **SUBSIDIARIES** (continued)

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

	Note	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
At 1 January		126,628	127,005
Allowance for/(write back of) impairment loss	28	12,360	(377)
At 31 December		138,988	126,628

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	31.12.2018 Group's effective interest	31.12.2018 NCI	31.12.2017 Group's effective interest	31.12.2017 NCI	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	-	Investment holding and established MAA-Medicare Charitable Foundation with the trustee under a Trust Deed to provide care and treatment for kidney and heart patients
MAA Credit Berhad	Malaysia	100	-	100	-	Money lending, hire purchase and other credit activities
MAA International Group Ltd ("MAAIG")	Labuan, Malaysia	100	-	100	-	Investment holding
#MAA Holdings (BVI) Ltd	British Virgin Islands	100	-	100	-	Providing insurance technical and financial consultancy services
MAA Corporate Advisory Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services
MAA International Corporation Ltd (1)	Malaysia	-	-	100	-	Investment holding
MAA International Investments Ltd ("MAAII")	Malaysia	100	-	100	-	Investment holding
Menang Bernas Sdn Bhd	Malaysia	100	-	100	-	Property investment, development and other related services

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	31.12.2018 Group's effective interest	31.12.2018 NCI	31.12.2017 Group's effective interest	31.12.2017 NCI	Principal activities
		%	%	%	%	
Subsidiaries of MAA Corp (continued)						
# 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
# MAAX Venture Sdn Bhd (2)	Malaysia	100	-	-	-	Dormant
Subsidiary of MAAIG						
#MAA General Assurance Philippines, Inc. ("MAAGAP")	Philippines	99	1	99	1	General insurance business
Subsidiaries of MAAII						
# MAA Mutualife Philippines, Inc.	Philippines	100	-	100	-	Inactive
# MAA Capital Singapore Pte Ltd (formerly known as Columbus Capital Singapore Pte Ltd)	Singapore	100	-	100	-	Investment holding
Subsidiary of Kasturi						
# Indopelangi Sdn Bhd	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres

\# Subsidiaries not audited by PricewaterhouseCoopers PLT.
(1) Under shareholders' voluntary liquidation during the financial year.
(2) Incorporated during the financial year.

Details of the Group's subsidiary, namely MAAGAP that has NCI is as follows:

	31.12.2018	31.12.2017
NCI percentage of ownership interest and voting interest	1%	1%
	RM'000	RM'000
Carrying amount of NCI	3,419	3,300

8 ASSOCIATES

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	245	55,528	100	100
Less: allowance for impairment loss	(245)	(245)	(100)	(100)
	-	55,283	-	-
Share of post-acquisition loss	-	(2,823)	-	-
	-	52,460	-	-

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

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
At 1 January	245	7,615	100	100
Reclassed to subsidiary pursuant to business combination	-	(6,410)	-	-
Associate written off	-	(960)	-	-
At 31 December	245	245	100	100

Details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 31.12.2018	Group's effective interest 31.12.2017	Principal activities
		%	%	
MAA Bancwell Trustee Berhad	Malaysia	49	49	Inactive
Associate of MAA Capital Singapore Pte Ltd (formerly known as Columbus Capital Singapore Pte Ltd)				
Columbus Capital Pty Limited ("CCA")[N1]	Australia	-	48	Retail mortgage lending and loan securitisation

[N1] As disclosed in Note 45(f) to the financial statements, CCA ceased to be an associate on 27 December 2018.

8 ASSOCIATES (continued)

The tables below provide summarised financial information for those associates that are material to the Group:

Summarised statement of financial position

	CCA	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Non-current assets	-	8,826,015
Current assets	-	422,614
Non-current liabilities	-	(9,143,873)
Current liabilities	-	(42,187)
Net assets	-	62,569
% of shareholding	-	48%
Share of net assets	-	30,033
Goodwill	-	25,097
Currency translation differences	-	(2,670)
Carrying value of the Group's interest in associates	-	52,460

No summarised statement of financial position as at 31 December 2018 was disclosed as CCA had ceased to be associate of the Group on 27 December 2018.

Summarised statement of comprehensive income

	CCA	
	Financial period ended 30.11.2018	**Financial year ended 31.12.2017**
	RM'000	**RM'000**
Operating revenue	431,341	360,386
Profit before taxation	14,762	18,619
Taxation	(4,968)	(5,793)
Profit after taxation, representing total comprehensive income for the financial period/year	9,794	12,826
Dividends received from associates	-	-

8 ASSOCIATES (continued)

Reconciliation of summarised financial information

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

	Note	CCA[N1] RM'000	MAAGAP[N2] RM'000	Total RM'000
At 1 January 2017		46,310	20,029	66,339
Share of profit		6,150	1,486	7,636
Share of other comprehensive income	22	-	526	526
Reclassification of associate to subsidiary pursuant to business combination	33(a)			
- 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 loss		-	728	728
		-	(22,041)	(22,041)
At 31 December 2017 / 1 January 2018		52,460	-	52,460
Share of profit		4,696	-	4,696
Derecognition of disposed associate				
- cost of investments		(55,283)	-	(55,283)
- share of post-acquisition profit		(1,873)	-	(1,873)
		(57,156)	-	(57,156)
At 31 December 2018		-	-	-

[N1] As disclosed in Note 45(f) to the financial statements, CCA ceased to be an associate on 27 December 2018.

[N2] MAAGAP ceased to be an associate and became a subsidiary of the Group on 19 April 2017.

Accumulated unrecognised share of losses of associate

	MAA Bancwell Trustee Berhad	
	31.12.2018 RM'000	31.12.2017 RM'000
Accumulated losses	(499)	(474)
Interest in associate	49%	49%
Accumulated unrecognised share of losses	(244)	(232)

8 ASSOCIATES (continued)

On 27 December 2018, the Group completed the disposal of its 47.95% equity interest in CCA for a total cash consideration of AUD21.0 million (equivalent to RM61,204,000), as disclosed in Note 45(f) to the financial statements.

Following the completion of the disposal, CCA ceased to be an associate of the Group.

Details of the disposal of CCA are as follows:

	Note	At date of disposal
		RM'000
Sale consideration		61,204
Less: net carrying amount		(57,156)
Gain on disposal to the Group	25	4,048
Less: reclassification of cumulative foreign currency translation differences[*]		(9,040)
Net loss on disposal to the Group		(4,992)

[*] Upon the disposal of CCA, the Group has reclassified the cumulative foreign currency translation differences of RM9,040,000 from equity to profit or loss as part of the gain or loss.

The net cash flow on disposal was determined as follows:

	Note	RM'000
Sale consideration		61,204
Less: balance sale consideration[**]	15	(4,491)
Net cash received		56,713

[**] The balance sale consideration of AUD1,540,990 (equivalent to RM4,491,000) from the disposal of CCA is receivable on 27 December 2019 as disclosed in Note 45(f) to the financial statements.

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	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Deferred tax assets		2,045	667	-	-
Deferred tax liabilities		(748)	(771)	(129)	(154)
		1,297	(104)	(129)	(154)
At 1 January					
- as previously stated		(104)	(185)	(154)	(185)
- change in accounting policy	35(iii)	282	-	-	-
- restated		178	(185)	(154)	(185)
Arising from business combination	33(a)	-	425	-	-
Credited/(charged) to profit or loss:	30				
- property, plant and equipment		23	(11)	25	31
- allowance for impairment loss		(295)	-	-	-
- unrealised foreign exchange gain		(47)	-	-	-
- retirement benefit plan		(65)	-	-	-
- provision for IBNR		1,690	-	-	-
- gain on remeasurement of previously held equity interest in an associate		-	(575)	-	-
		1,306	(586)	25	31
(Charged)/credited to other comprehensive income:					
- retirement benefit plan		(137)	67	-	-
Currency translation differences		(50)	175	-	-
At 31 December		1,297	(104)	(129)	(154)

9 DEFERRED TAX (continued)

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
Deferred tax assets (before and after offsetting)				
Allowance for impairment loss	499	531	-	-
Provision for IBNR	1,656	-	-	-
Retirement benefit plan	-	170	-	-
	2,155	701	-	-
Offsetting	(110)	(34)	-	-
	2,045	667	-	-
Deferred tax liabilities (before and after offsetting)				
Property, plant and equipment	(173)	(196)	(129)	(154)
Unrealised foreign exchange gain	(80)	(34)	-	-
Retirement benefit plan	(30)	-	-	-
Gain on remeasurement of previously held equity interest in an associate	(575)	(575)	-	-
	(858)	(805)	(129)	(154)
Offsetting	110	34	-	-
	(748)	(771)	(129)	(154)

The amounts of deductible temporary differences, unutilised tax losses and unabsorbed capital allowances 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	
	31.12.2018	31.12.2017
	RM'000	RM'000
Deductible temporary differences	1,692	6,629
Unutilised tax losses	64,040	60,838
Unabsorbed capital allowances	9,149	9,033
	74,881	76,500

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM64,040,000 as at 31 December 2018 will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

10 INVESTMENTS

The Group's and the Company's investments comprise of the following:

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Government debt securities	49,661	49,065	-	-
Corporate debt securities	62,196	49,016	-	-
Equity securities	123,652	129,934	38,488	39,273
Unit trusts	3,852	2,043	1,719	-
Derivatives	112	-	112	-
	239,473	230,058	40,319	39,273

(a) Fair value through profit or loss ("FVTPL")

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Equity securities				
- quoted in Malaysia	7,982	7,919	7,982	7,919
- quoted outside Malaysia	69,248	9,348	30,506	9,348
- unquoted outside Malaysia	24,079	-	-	-
	101,309	17,267	38,488	17,267
Unit trusts				
- quoted in Malaysia	2,133	2,043	-	-
- quoted outside Malaysia	1,719	-	1,719	-
	3,852	2,043	1,719	-
Derivatives quoted in Malaysia	112	-	112	-
	105,273	19,310	40,319	17,267

10 **INVESTMENTS** (continued)

(b) Fair value through other comprehensive income ("FVOCI")

	GROUP	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
At fair value:		
Government debt securities quoted outside Malaysia	38,669	-
Corporate debt securities quoted outside Malaysia	3,728	-
Equity securities		
- quoted outside Malaysia	22,340	-
- unquoted outside Malaysia	3	-
	22,343	-
	64,740	-

The Group has irrevocably elected non-trading equity securities at initial recognition to present its fair value changes in other comprehensive income. The Group considers this classification to be more relevant as these equity securities investments are strategic investments of the Group and not held for trading purpose.

Equity securities at FVOCI comprise the following individual investments:

	GROUP	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Quoted :		
San Miguel Corporation Preferred Series 2C	4,182	-
Petron Corporation Perpetual Preferred Series 2A	4,089	-
Ayala Corporation Preferred B Series 2	3,922	-
San Miguel Purefoods Perpetual Preferred Series 2	3,918	-
San Miguel Corporation Preferred Series 2H	2,854	-
San Miguel Corporation Preferred Series 2H	1,259	-
San Miguel Corporation Preferred Series 2E	746	-
Ayala Corporation Preferred B Series 1	700	-
Sta. Elena Golf Club Shares	448	-
San Miguel Corporation Preferred Series 2I	102	-
San Miguel Corporation Preferred Series 2F	98	-
National Reinsurance Corporation of the Philippines	21	-
SM Prime Holdings Inc.	1	-
	22,340	-
Unquoted :		
PLDT Inc.	2	-
Philippines Machinery Management Services Corporation	1	-
	3	-
	22,343	-

10 INVESTMENTS (continued)

(c) Amortised cost ("AC")

	GROUP	
	31.12.2018	31.12.2017
	RM'000	RM'000
At amortised cost:		
Government debt securities quoted outside Malaysia	11,004	-
Less: allowance for impairment loss	(12)	-
	10,992	-
Corporate debt securities quoted outside Malaysia	58,960	-
Less: allowance for impairment loss	(492)	-
	58,468	-
	69,460	-

A reconciliation of the allowance for impairment loss for financial assets at AC is as follows:

		GROUP		
	Note	Government debt securities	Corporate debt securities	Total investments at AC
		RM'000	RM'000	RM'000
At 1 January 2018				
- as previously stated		-	-	-
- change in accounting policy	35(ii)	12	400	412
- restated		12	400	412
Allowance for impairment loss	28	-	105	105
Currency translation differences		-	(13)	(13)
At 31 December 2018		12	492	504

(d) Available-for-sales ("AFS")

	GROUP	COMPANY
	31.12.2017	31.12.2017
	RM'000	RM'000
At fair value:		
Government debt securities quoted outside Malaysia	49,065	-
Corporate debt securities quoted outside Malaysia	49,016	-
Equity securities		
- quoted outside Malaysia	83,583	22,006
- unquoted outside Malaysia	29,084	-
	112,667	22,006
	210,748	22,006

10 INVESTMENTS (continued)

Carrying values of investments

The following tables show the movements in the Group's and the Company's investments by measurement category:

GROUP

	Note	FVTPL RM'000	FVOCI RM'000	AC RM'000	AFS RM'000	Total RM'000
At 1 January 2017		2,086	-	-	36,779	38,865
Arising from business combination	33(a)	-	-	-	156,534	156,534
Purchases		18,799	-	-	120,556	139,355
Disposals		(1,236)	-	-	(100,143)	(101,379)
Dividend income capitalised		79	-	-	-	79
Fair value (losses)/gains recorded in:						
Profit or loss	26	(219)	-	-	-	(219)
Other comprehensive income		-	-	-	10,104	10,104
Amortisation of premiums	24	-	-	-	(723)	(723)
Unrealised foreign exchange loss		(199)	-	-	-	(199)
Currency translation differences		-	-	-	(12,359)	(12,359)
At 31 December 2017 / 1 January 2018 – as previously stated		19,310	-	-	210,748	230,058
Change in accounting policy	35(i)	88,714	67,365	57,987	(210,748)	3,318
At 1 January 2018 - restated		108,024	67,365	57,987	-	233,376
Purchases		96,047	9,459	13,461	-	118,967
Disposals		(67,387)	(5,940)	-	-	(73,327)
Dividend income capitalised		87	-	-	-	87
Fair value losses recorded in:						
Profit or loss	26	(29,542)	-	-	-	(29,542)
Other comprehensive income		-	(4,112)	-	-	(4,112)
Allowance for impairment loss		-	-	(105)	-	(105)
Unrealised foreign exchange loss		(711)	-	-	-	(711)
Currency translation differences		(1,245)	(2,032)	(1,883)	-	(5,160)
At 31 December 2018		105,273	64,740	69,460	-	239,473

10 INVESTMENTS (continued)

Carrying values of investments (continued)

The following tables show the movements in the Group's and the Company's investments by measurement category: (continued)

COMPANY

	Note	FVTPL	AFS	Total
		RM'000	RM'000	RM'000
At 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	26	(165)	-	(165)
Other comprehensive income		-	7,297	7,297
Unrealised foreign exchange loss		(199)	-	(199)
At 31 December 2017 / 1 January 2018 – as previously stated		17,267	22,006	39,273
Change in accounting policy	35(i)	22,006	(22,006)	-
At 1 January 2018 - restated		39,273	-	39,273
Purchases		55,596	-	55,596
Disposals		(34,629)	-	(34,629)
Fair value losses recorded in profit or loss	26	(19,210)	-	(19,210)
Unrealised foreign exchange loss		(711)	-	(711)
At 31 December 2018		40,319	-	40,319

10 INVESTMENTS (continued)

Determination of Fair Value and Fair Value Hierarchy

The Group and the Company classify financial instruments which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurement:

Level 1 - The fair value is measured by reference to published quotes in an active market which 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.

Level 2 - The fair value is measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions obtained via pricing services; where prices have not been determined in an active market.

Level 3 - The fair value is determined 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. The unobservable inputs reflect the Group's own assumptions that market participants would use in pricing the instrument. These inputs are developed based on the best information available, which might include the Group's own data.

The following tables show the Group's and the Company's investments which are measured at fair value at the reporting date analysed by the various level within the fair value hierarchy:

GROUP

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
31 December 2018				
Investments at FVTPL:				
Equity securities quoted in Malaysia	7,982	-	-	7,982
Equity securities quoted outside Malaysia	69,248	-	-	69,248
Equity securities unquoted outside Malaysia	-	-	24,079	24,079
Unit trusts quoted in Malaysia	2,133	-	-	2,133
Unit trusts quoted outside Malaysia	1,719	-	-	1,719
Derivatives quoted in Malaysia	112	-	-	112
	81,194	-	24,079	105,273
Investments at FVOCI:				
Government debt securities quoted outside Malaysia	38,669	-	-	38,669
Corporate debt securities quoted outside Malaysia	3,728	-	-	3,728
Equity securities quoted outside Malaysia	21,892	448	-	22,340
Equity securities unquoted outside Malaysia	-	-	3	3
	64,289	448	3	64,740

10 INVESTMENTS (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Company's investments which are measured at fair value at the reporting date analysed by the various level within the fair value hierarchy: (continued)

GROUP

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2017				
Investments at FVTPL:				
Equity securities quoted in Malaysia	7,919	-	-	7,919
Equity securities quoted outside Malaysia	9,348	-	-	9,348
Unit trusts quoted in Malaysia	2,043	-	-	2,043
	19,310	-	-	19,310
AFS investments:				
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	83,315	268	-	83,583
Equity securities unquoted outside Malaysia	-	-	29,084	29,084
	181,396	268	29,084	210,748

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among Level 1, 2 and 3 of the fair value hierarchy during the financial year ended 31 December 2018 and 31 December 2017.

COMPANY

	Level 1	
	31.12.2018	31.12.2017
	RM'000	RM'000
Investments at FVTPL:		
Equity securities quoted in Malaysia	7,982	7,919
Equity securities quoted outside Malaysia	30,506	9,348
Unit trusts quoted outside Malaysia	1,719	-
Derivatives quoted in Malaysia	112	-
	40,319	17,267
AFS investments:		
Equity securities quoted outside Malaysia	-	22,006

10 INVESTMENTS (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following table shows the movements in Level 3 investments:

GROUP

	Unquoted equity securities		
	AFS	**FVTPL**	**FVOCI**
	RM'000	**RM'000**	**RM'000**
At 1 January 2017	31,697	-	-
Fair value gain recorded in other comprehensive income	135	-	-
Currency translation difference	(2,748)	-	-
At 31 December 2017 / 1 January 2018 – as previously stated	29,084	-	-
Change in accounting policy	(29,084)	29,080	4
At 1 January 2018 - restated	-	29,080	4
Fair value loss recorded in profit or loss	-	(5,303)	-
Currency translation difference	-	302	(1)
At 31 December 2018	-	24,079	3

The investments above are classified within Level 3 investment as non-market observable inputs are used for valuation techniques. They comprised investments in equity securities of corporation unquoted 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.

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 instruments. The higher the discount rate, the lower the estimated fair value.

11 LOANS AND RECEIVABLES

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Staff loans	28	8	15	1
Loans from money lending, hire purchase and other credit activities	19,794	20,903	-	-
Less: allowance for impairment loss	(19,794)	(20,903)	-	-
	-	-	-	-
Fixed and call deposits with licensed banks with maturity more than three months	4,521	105,489	-	100,990
Less: allowance for impairment loss	(21)	-	-	-
	4,500	105,489	-	100,990
	4,528	105,497	15	100,991

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 was 0.75%-4.25% (2017: 0.75%-3.64%) per annum.

The total loans portfolio from money lending, hire purchase and other credit activities as at 31 December 2018 included non-performing loans ("NPL") amounting to RM19,794,000 (2017: RM20,903,000), 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 cash flows stream based on the methods prescribed in Note 2.11 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 RM1,419,000 (2017: RM1,554,000). During the financial year, the Group sold certain collaterals of loans for a total net proceeds of RM384,370 (2017: Nil) and recognised this as a write back of impairment loss of RM384,370 under "Other operating income/(expenses)-net" in profit or loss.

Upon default payment by the borrower, the terms and conditions associated with the use of the collaterals are:

(i) The Group shall notify the borrower in writing, and may sell the collaterals pledged at its discretion; and

(ii) The net proceeds of any such sale shall be applied towards discharge of the loan interests and principal due to the Group.

11 LOANS AND RECEIVABLES (continued)

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

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Receivables within 12 months:				
Staff loans	24	5	11	1
Fixed and call deposits with licensed banks	4,500	105,489	-	100,990
	4,524	105,494	11	100,991
Receivables after 12 months:				
Staff loans	4	3	4	-
	4,528	105,497	15	100,991

A reconciliation of the allowance for impairment loss for loans from money lending, hire purchase and other credit activities is as follows:

		GROUP	
	Note	31.12.2018	31.12.2017
		RM'000	RM'000
At 1 January		20,903	20,905
Write back of impairment loss in respect of recoveries	28	-	(2)
Bad debts written off		(1,109)	-
At 31 December		19,794	20,903

A reconciliation of the allowance for impairment loss for fixed and call deposits with licensed banks with maturity more than three months is as follows:

		GROUP	
	Note	31.12.2018	31.12.2017
		RM'000	RM'000
At 1 January			
- as previously stated		-	-
- change in accounting policy	35(ii)	21	-
- restated		21	-
Allowance for impairment loss	28	1	-
Currency translation differences		(1)	-
At 31 December		21	-

12 REINSURANCE ASSETS

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000
Reinsurance of insurance contract:			
Provision for outstanding claims	17	32,840	29,066
Provision for unearned premiums	17	7,183	5,877
		40,023	34,943

13 INSURANCE RECEIVABLES

	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000
Due premiums from brokers and agents	44,636	43,161
Due from reinsurers and ceding companies	531	602
Funds held by ceding companies	337	446
Reinsurance recoverable on paid losses	3,145	1,883
	48,649	46,092
Less: allowance for impairment loss	(1,041)	(1,770)
	47,608	44,322
Receivable within 12 months	47,608	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:

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000
At 1 January			
- as previously stated		1,770	-
- change in accounting policy	35(ii)	401	-
- restated		2,171	-
Arising from business combination		-	1,993
Allowance for/(write back of) impairment loss	29	91	(95)
Bad debts written off		(1,152)	-
Currency translation differences		(69)	(128)
At 31 December		1,041	1,770

14 DEFERRED ACQUISTION COSTS AND DEFERRED REINSURANCE COMMISSIONS

	Note	GROUP 31.12.2018 RM'000	31.12.2017 RM'000
Deferred Acquisition Costs			
At 1 January		16,475	-
Arising from business combination	33(a)	-	16,321
Cost deferred during the financial year		34,702	24,839
Amortisation during the financial year		(37,299)	(23,678)
Currency translation differences		3,569	(1,007)
At 31 December		17,447	16,475
Deferred Reinsurance Commissions			
At 1 January		701	-
Arising from business combination	33(a)	-	1,579
Income deferred during the financial year		2,297	1,055
Amortisation during the financial year		(2,448)	(1,861)
Currency translation differences		283	(72)
At 31 December		833	701

15 TRADE AND OTHER RECEIVABLES

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
Trade receivables of non-insurance subsidiaries		63	122	53	276
Amounts due from subsidiaries					
At gross		-	-	-	-
Less: allowance for impairment loss		-	-	-	-
		-	-	-	-
Retained Consideration from the disposal of MAA Takaful(N1)		93,750	89,791	93,750	89,791
Balance sale consideration from the disposal of CCA(N2)	8	4,491	-	-	-
Other receivables, deposits and prepayments					
At gross		26,857	29,470	734	1,112
Less: allowance for impairment loss		(21,792)	(21,792)	(204)	(204)
		5,065	7,678	530	908
		103,369	97,591	94,333	90,975
Receivables within 12 months		101,980	6,385	94,219	1,070
Receivables after 12 months		1,389	91,206	114	89,905
		103,369	97,591	94,333	90,975

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

(N1) Under the conditional share purchase agreement for the disposal of MAA Takaful Berhad ("MAA Takaful"), the Retained Consideration of RM93,750,000 will be received on 30 June 2019, the third anniversary of the disposal completion date. The decrease in present value adjustment of RM3,959,000 (2017: RM1,841,000) being the time value of money accounted for the Retained Consideration of RM93,750,000 (2017: RM89,791,000) was recognised under 'Other operating income/(expenses)-net' in profit or loss during the financial year ended 31 December 2018.

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 if any, during the warranty period. As at 31 December 2018, the Group has not been notified of any claim by Zurich.

(N2) The balance sale consideration of RM4,491,000 (AUD1,540,990) from the disposal of CCA will be receivable 12 months from completion date, as disclosed in Note 45(f) to the financial statements.

15 TRADE AND OTHER RECEIVABLES (continued)

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

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
At 1 January		-	-	-	32,714
Write back of impairment loss	28	-	-	-	(32,714)
At 31 December		-	-	-	-

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

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
At 1 January		21,792	30,492	204	8,904
Allowance for impairment loss	29	-	44	-	44
Bad debts written-off		-	(8,744)	-	(8,744)
At 31 December		21,792	21,792	204	204

16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	78,524	32,176	11,702	13,257
Fixed and call deposits with licenced banks with maturity less than three months	172,700	109,050	150,525	92,713
	251,224	141,226	162,227	105,970
Less: allowance for impairment loss	(92)	-	-	-
	251,132	141,226	162,227	105,970

The carrying amounts disclosed above approximate their 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 0.88% to 5.25% (2017: 1.25% to 3.76%) per annum.

A reconciliation of the allowance for impairment loss for cash and cash equivalents is as follows:

		GROUP		COMPANY	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
		RM'000	RM'000	RM'000	RM'000
At 1 January					
- as previously stated		-	-	-	-
- change in accounting policy	35(ii)	110	-	-	-
- restated		110	-	-	-
Write back of impairment loss	28	(14)	-	-	-
Currency translation differences		(4)	-	-	-
At 31 December		92	-	-	-

17 INSURANCE CONTRACT LIABILITIES

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

GROUP

	Note	31.12.2018 Gross RM'000	31.12.2018 Reinsurance RM'000	31.12.2018 Net RM'000	31.12.2017 Gross RM'000	31.12.2017 Reinsurance RM'000	31.12.2017 Net RM'000
Provision for claims reported by policyholders		72,949	(21,996)	50,953	79,979	(23,457)	56,522
Provision for IBNR		16,365	(10,844)	5,521	10,184	(5,609)	4,575
Provision for outstanding claims		89,314	(32,840)	56,474	90,163	(29,066)	61,097
Provision for unearned premiums		59,919	(7,183)	52,736	60,805	(5,877)	54,928
		149,233	(40,023)	109,210	150,968	(34,943)	116,025
Provision for outstanding claims							
At 1 January		90,163	(29,066)	61,097	-	-	-
Arising from business combination	33(a)	-	-	-	74,467	(20,877)	53,590
Claims incurred during the financial year		44,525	(5,211)	39,314	48,795	(11,663)	37,132
Claims paid during the year – net of salvage and subrogation		(48,972)	6,040	(42,932)	(24,355)	2,116	(22,239)
Increase/(decrease) in IBNR		6,467	(5,433)	1,034	(3,664)	(116)	(3,780)
		2,020	(4,604)	(2,584)	20,776	(9,663)	11,113
Currency translation differences		(2,869)	830	(2,039)	(5,080)	1,474	(3,606)
At 31 December		89,314	(32,840)	56,474	90,163	(29,066)	61,097

17 INSURANCE CONTRACT LIABILITIES (continued)

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

GROUP

		31.12.2018			31.12.2017		
	Note	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Provision for unearned premiums							
At 1 January		60,805	(5,877)	54,928	-	-	-
Arising from business combination	33(a)	-	-	-	68,183	(10,677)	57,506
Premiums written during the financial year	23	149,433	(45,823)	103,610	95,303	(24,163)	71,140
Premiums earned during the financial year	23	(148,461)	44,440	(104,021)	(98,573)	28,389	(70,184)
		972	(1,383)	(411)	(3,270)	4,226	956
Currency translation differences		(1,858)	77	(1,781)	(4,108)	574	(3,534)
At 31 December		59,919	(7,183)	52,736	60,805	(5,877)	54,928

18 INSURANCE PAYABLES

	GROUP	
	31.12.2018	**31.12.2017**
	RM'000	**RM'000**
Due to reinsurers and ceding companies	13,580	8,656
Payable within 12 months	13,580	8,656

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

19 TRADE AND OTHER PAYABLES

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
Defined retirement contribution plan payable		29	46	27	34
Accrual for unutilised staff leave		248	202	208	153
Provision for staff costs		1,427	1,434	1,201	1,187
Provision for liquidation fees and expenses of a deconsolidated subsidiary	(a)	4,687	5,118	-	-
Commissions payable		11,120	11,682	-	-
Claims payable		2,341	1,333	-	-
Value added tax payable		19,466	15,264	-	-
Withholding tax payable		7,748	6,628	-	-
Bond collaterals received from policyholders		2,011	3,788	-	-
Hire purchase creditors	(b)	79	115	-	-
Other payables and accruals		7,280	6,491	1,615	3,396
		56,436	52,101	3,051	4,770
Payable within 12 months		56,393	50,858	3,051	3,733
Payable after 12 months		43	1,243	-	1,037
		56,436	52,101	3,051	4,770

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

(a) 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 had 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 an estimation of three (3) years to complete the liquidation of PT MAAG.

On 24 May 2018, the Financial Services Authority of Indonesia has approved the extension of time till 31 March 2019 for the liquidators to complete the shareholders' voluntary winding up of PT MAAG.

(b) The hire purchase creditors of the Group bear interest rates ranging from 8.5% to 10.4% per annum.

	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
Payable within 12 months	36	33	-	-
Payable after 12 months	43	82	-	-
	79	115	-	-

20 RETIREMENT BENEFIT ASSET/(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 local bank as trustee.

The amount of retirement benefit asset/(liability) recognised in the statements of financial position is as follow:

	GROUP	
	31.12.2018	31.12.2017
	RM'000	RM'000
Fair value of defined benefit obligation	(3,801)	(4,000)
Fair value of plan assets	3,910	3,441
	109	(559)
Effect of asset ceiling	(8)	-
Retirement benefit asset/(liability)	101	(559)

Changes in the present value of the defined benefit obligation recognised in the statements of financial position are as follows:

		GROUP	
	Note	31.12.2018	31.12.2017
		RM'000	RM'000
At 1 January		4,000	-
Arising from business combination	33(a)	-	3,709
Current service cost		472	348
Interest cost		223	215
Benefits paid		(30)	(52)
Remeasurement (gains)/losses			
Actuarial (gains)/losses arising from changes in financial assumptions		(779)	90
Experience adjustments		55	(48)
Currency translation differences		(140)	(262)
At 31 December		3,801	4,000

Changes in the fair value of plan assets are as follow:

At 1 January		3,441	-
Arising from business combination	33(a)	-	3,230
Contributions		675	481
Interest income		210	207
Benefits paid		(30)	(52)
Return on plan assets excluding amount in net interest income		(261)	(182)
Currency translation differences		(125)	(243)
At 31 December		3,910	3,441

20 RETIREMENT BENEFIT ASSET/(LIABILITY) (continued)

The amounts of defined benefit cost that are included in profit or loss under 'Staff costs – defined retirement benefit plan' in Note 29 to the financial statements are as follow:

	GROUP	
	2018	2017
	RM'000	RM'000
Current service cost	472	348
Net interest cost	13	8
	485	356

The amounts of defined benefit cost which are included in other comprehensive income related to remeasurement of retirement benefit asset/(liability) are as follow:

	GROUP	
	2018	2017
	RM'000	RM'000
Actuarial gains/(losses) on present value of retirement obligation	724	(42)
Return on plan assets excluding amount in net interest cost	(261)	(182)
Effect of asset ceiling	(8)	-
	455	(224)
Deferred tax effect	(137)	67
Currency translation differences	28	77
	346	(80)

The fair values of plan assets by each class as at 31 December 2018 and 2017 are as follow:

	GROUP	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash and cash equivalents	546	119
Investments in:		
Government debt securities	2,360	2,116
Unit trust fund	641	818
Private debt securities	341	341
Accrued trust fees	(4)	(3)
Others	26	50
Total plan assets	3,910	3,441

Cash and cash equivalents include cash in saving deposit, special savings deposit and time deposit accounts. Investments in government debt 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.

20 RETIREMENT BENEFIT ASSET/(LIABILITY) (continued)

The plan assets have diverse investments and do not have any concentration risk.

The principal assumptions used to determine pension benefits for the General insurance subsidiary are as follows:

	2018	2017
Discount rate	7.70%	5.67%
Expected salary rate increase	7.00%	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:

		Impact on present value of defined benefit obligation	
	Change in variables	**Increase/(decrease)**	
		31.12.2018	**31.12.2017**
		RM'000	**RM'000**
Discount rate	+100 bps	(294)	(365)
	-100 bps	348	441
Salary increase rate	+100 bps	347	390
	-100 bps	(298)	(330)

The General insurance subsidiary does not expect any contribution to the plan in next financial year.

In the financial year ended 31 December 2018 and 31 December 2017, the weighted average duration of the retirement benefit obligation is 8.4 years and 10.1 years respectively.

Maturity profile of the expected undiscounted benefit payments are as follow:

Financial Year	Amount
	RM'000
Year 1	365
Year 2	818
Year 3	57
Year 4	1,420
Year 5	78
Year 6 to 10	1,192

21 SHARE CAPITAL

	GROUP/COMPANY 31.12.2018 RM'000	GROUP/COMPANY 31.12.2017 RM'000
Issued and fully paid ordinary shares		
At beginning of financial year	304,354	273,518
Transition to no-par value regime on 31 January 2017[N1]	-	30,836
At end of financial year	304,354	304,354

[N1] 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. During the financial year ended 31 December 2017, the Company had 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 was 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.

22 RETAINED EARNINGS AND RESERVES

		GROUP		COMPANY	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
		RM'000	RM'000	RM'000	RM'000
Retained earnings		236,931	259,140	128,174	164,987
Reserves					
- Foreign exchange reserves		(7,237)	(14,212)	-	-
- FVOCI reserves (2017: AFS reserves)		(3,949)	10,044	-	9,311
- Capital redemption reserves		-	-	-	-
		(11,186)	(4,168)	-	9,311
		225,745	254,972	128,174	174,298
Movement in retained earnings					
At 1 January					
- as previously stated		259,140	234,811	164,987	152,251
- change in accounting policy	35(iii)	13,108	-	9,311	-
- restated		272,248	234,811	174,298	152,251
(Loss)/profit for the financial year		(27,457)	25,136	(37,918)	37,353
Remeasurement gain/(loss) on retirement benefit plan	20	346	(80)	-	-
Interim dividends paid	31	(8,206)	(24,617)	(8,206)	(24,617)
Realised foreign currency translation differences		-	10,233	-	-
Transactions with NCI	33(b),(c)	-	13,657	-	-
At 31 December		236,931	259,140	128,174	164,987

22 RETAINED EARNINGS AND RESERVES (continued)

	Note	GROUP 31.12.2018 RM'000	GROUP 31.12.2017 RM'000	COMPANY 31.12.2018 RM'000	COMPANY 31.12.2017 RM'000
Movement in foreign exchange reserves					
At 1 January		(14,212)	4,029	-	-
Arising from business combination	33(a)	-	(546)	-	-
Currency translation differences arising during the financial year		(2,065)	(17,695)	-	-
Reclassification of cumulative foreign currency translation difference upon disposal of an associate	25	9,040	-	-	-
At 31 December		(7,237)	(14,212)	-	-
Movement in FVOCI reserves (2017: AFS reserves)					
At 1 January					
- as previously stated		10,044	3,284	9,311	2,014
- change in accounting policy	35(iii)	(10,040)	-	(9,311)	-
- restated		4	3,284	-	2,014
Arising from business combination	33(a)	-	(1,819)	-	-
Gross fair value changes		(4,112)	10,104	-	7,297
Transferred to profit or loss upon disposal of investments at FVOCI (2017: AFS investments)		154	(2,747)	-	-
Allowance for/(write back of) impairment loss transferred to profit or loss	28	5	(32)	-	-
Changes in fair value of investments at FVOCI (2017: AFS investments), net of tax		(3,953)	7,325	-	7,297
Share of fair value changes of AFS investments of associates	8	-	526	-	-
Transferred to profit or loss due to deemed disposal of an associate	33(a)(v)	-	728	-	-
At 31 December		(3,949)	10,044	-	9,311
Movement in capital redemption reserves					
At 1 January		-	30,836	-	30,836
Transition to no-par value regime on 31 January 2017	21	-	(30,836)	-	(30,836)
At 31 December		-	-	-	-

23 NET EARNED PREMIUMS

	GROUP	
	2018	2017
	RM'000	RM'000
Gross earned premiums		
Gross written premiums	149,433	95,303
Change in unearned premium reserves	(972)	3,270
	148,461	98,573
Premiums ceded to reinsurers		
Gross written premiums ceded to reinsurers	(45,823)	(24,163)
Change in unearned premium reserves	1,383	(4,226)
	(44,440)	(28,389)
Net earned premiums	104,021	70,184

24 INVESTMENT INCOME

		GROUP		COMPANY	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	5	346	301	-	-
Investments at FVTPL					
Dividend income					
- Equity securities quoted in Malaysia		171	28	171	28
- Equity securities quoted outside Malaysia		1,263	-	436	-
- Equity securities unquoted outside Malaysia		624	-	-	-
- Unit trusts quoted in Malaysia		87	80	-	-
		2,145	108	607	28
Investments at FVOCI					
Dividend income					
- Equity securities quoted outside Malaysia					
- related to those held as at the end of the financial year		1,360	-	-	-
Interest income					
- Government debt securities quoted outside Malaysia		1,751	-	-	-
- Corporate debt securities quoted outside Malaysia		184	-	-	-
- Corporate debt securities unquoted in Malaysia		624	-	624	-
		3,919	-	624	-

24 INVESTMENT INCOME (continued)

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Investments at AC				
Interest income				
- Government debt securities quoted outside Malaysia	383	-	-	-
- Corporate debt securities quoted outside Malaysia	2,384	-	-	-
	2,767	-	-	-
AFS investments				
Interest income				
- Government debt securities quoted outside Malaysia	-	2,210	-	-
- Corporate debt securities quoted outside Malaysia	-	1,461	-	-
- Corporate debt securities quoted in Malaysia	-	238	-	238
Amortisation of premiums				
- Government debt securities quoted outside Malaysia	-	(723)	-	-
Dividend income				
- Equity securities quoted outside Malaysia	-	1,300	-	-
- Equity securities unquoted outside Malaysia	-	1,087	-	-
	-	5,573	-	238
Loans and receivables				
Interest income				
- Staff loans	1	-	1	-
- Subsidiaries	-	-	-	698
	1	-	1	698
Fixed and call deposits interest income	7,356	9,208	6,653	8,695
	16,534	15,190	7,885	9,659

25 REALISED GAINS AND LOSSES

		GROUP		COMPANY	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Net gains/(losses) from disposal of property, plant and equipment		12	47	(1)	(8)
Investments at FVTPL					
Net realised gains/(losses)					
- Equity securities quoted in Malaysia		(49)	10	(49)	10
- Equity securities quoted outside Malaysia		1,785	27	512	27
- Unit trusts quoted outside Malaysia		7	-	7	-
- Derivatives quoted in Malaysia		54	-	54	-
		1,797	37	524	37
Investments at FVOCI					
Net realised losses					
- Government debt securities quoted outside Malaysia		(154)	-	-	-
AFS investments					
Net realised gains/(losses)					
- Government debt securities quoted outside Malaysia		-	(258)	-	-
- Equity securities quoted outside Malaysia		-	3,005	-	-
		-	2,747	-	-
Net loss on disposal of an associated company	8				
- Gain on disposal		4,048	-	-	-
- Reclassification of cumulative foreign currency translation differences from equity to profit or loss		(9,040)	-	-	-
		(4,992)	-	-	-
		(3,337)	2,831	523	29

26 FAIR VALUE GAINS AND LOSSES

	Note	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Net fair value losses on investment properties	5	(2,837)	(8,089)	(1,483)	(7,925)
Investments at FVTPL	10				
Net fair value gains/(losses)					
- Equity securities quoted in Malaysia		(2,971)	58	(2,971)	58
- Equity securities quoted outside Malaysia		(20,546)	(223)	(15,514)	(223)
- Equity securities unquoted outside Malaysia		(5,303)	-	-	-
- Unit trusts quoted in Malaysia		3	(59)	-	-
- Unit trusts quoted outside Malaysia		24	5	24	-
- Derivatives quoted in Malaysia		(749)	-	(749)	-
		(29,542)	(219)	(19,210)	(165)
		(32,379)	(8,308)	(20,693)	(8,090)

27 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Revenue from non-insurance businesses				
- Management fee income	-	11	719	691
- Interest income from money lending and other credit activities	401	26	-	-
- Fee income from education services	3,607	5,004	-	-
- Others	238	220	-	-
	4,246	5,261	719	691

28 OTHER OPERATING INCOME/(EXPENSES) – NET

		GROUP		COMPANY	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment written off	4	(1)	(196)	(1)	(18)
Bad debts recovered		8	58	-	-
(Allowance for)/write back of impairment loss on:					
- investments in subsidiaries	7	-	-	(12,360)	377
- investments at AC	10(c)	(105)	-	-	-
- loans from money lending, hire purchase and other credit activities - net	11	-	2	-	-
- fixed and call deposits with licenses banks	11	(1)	-	-	-
- amounts due from subsidiaries	15	-	-	-	32,714
- cash and cash equivalents	16	14	-	-	-
- investments at FVOCI (2017: AFS investments)	22	(5)	32	-	-
Realised foreign exchange gains/(losses) - net		129	(1,701)	(173)	(2,038)
Unrealised foreign exchange (losses)/gains - net		(2,122)	130	(714)	(195)
Present value adjustment on Retained Consideration	15	3,959	1,841	3,959	1,841
Loss on deconsolidation of subsidiaries	34	(757)	(682)	-	-
Other income arising from settlement with other receivables	5	-	20,000	-	20,000
Reserve arising from business combination	33(a)(iv)	-	10,025	-	-
Gain on remeasurement of previously held equity interest in an associate	33(a)(v)	-	1,666	-	-
Others		1,804	647	1,158	576
		2,923	31,822	(8,131)	53,257

29 MANAGEMENT EXPENSES

		GROUP		COMPANY	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Staff costs (including Executive Directors)					
- salaries and bonus		17,555	16,260	7,447	8,754
- defined retirement contribution plan		1,759	1,842	1,208	1,387
- defined retirement benefit plan	20	485	356	-	-
- annual leave		46	(24)	55	(37)
- executive Director's fees		15	11	-	-
- other staff benefits		1,352	1,165	630	619
		21,212	19,610	9,340	10,723
Depreciation of property, plant and equipment	4	959	954	351	432
Amortisation of leases	4	1	1	-	-
Amortisation of intangible assets	6	84	70	50	56
Auditors' remuneration					
- statutory audit					
- current year		259	314	213	247
- over provision in prior financial year		(23)	-	-	-
Auditors' remuneration payable/paid to other audit firms		99	163	-	-
Non-executive Directors' fees and other emoluments	37	707	503	484	342
Fees paid to a company in which certain Directors have an interest	37	270	230	253	210
Tutors' fees for education services		1,477	2,255	-	-
Allowance for/(write back of) impairment loss on:					
- insurance receivables	13	91	(95)	-	-
- other receivables	15	-	44	-	44
Office rental		2,484	2,311	456	424
Staff training expenses		518	624	45	48
Staff medical and amenities		904	809	238	224
Computer and data processing expenses		570	512	224	342
Advertising, promotional and entertainment expenses		1,973	1,591	411	504
Motor vehicle, accommodation and travelling expenses		1,418	1,577	769	910
Printing and stationery		830	624	99	110
Postage, telephone and fax		552	476	66	69
Professional fees		2,960	2,324	2,610	1,660
Electricity and water		440	385	30	32
Direct operating expenses of investment properties	5	1,442	682	370	112
Security charges		79	241	79	241
Repair and maintenance		812	694	39	58
Underwriting expenses		1,400	1,084	-	-
Agency training expenses		1,073	693	-	-
Investment management expenses		729	189	729	189
Others		2,549	1,945	1,390	1,247
		45,869	40,810	18,246	18,224

30 TAXATION

	Note	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Current tax:					
Current financial year		4,271	1,680	-	-
Under provision in prior financial years		-	18	-	-
Total current tax expenses		4,271	1,698	-	-
Deferred tax:	9				
Origination and reversal of temporary differences		(1,306)	586	(25)	(31)
Tax expenses/(income)		2,965	2,284	(25)	(31)

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

	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
(Loss)/profit before taxation	(24,373)	28,628	(37,943)	37,322
Taxation at Malaysia statutory tax rate of 24% (2017: 24%)	(5,850)	6,871	(9,107)	8,957
Tax effects of:				
- expenses not deductible for tax purposes	9,903	33,218	9,562	6,537
- income not taxable for tax purposes	(3,327)	(38,971)	(1,227)	(15,675)
- tax losses not recognised	1,587	838	747	150
- effects of different tax rates in foreign jurisdictions	735	310	-	-
- utilisation of tax losses	(83)	-	-	-
- under provision in prior financial years	-	18	-	-
Total tax expenses/(income)	2,965	2,284	(25)	(31)

31 DIVIDENDS

The Company paid a first interim dividend of 3 sen per ordinary share under the single-tier dividend system in respect of the current financial year ended 31 December 2018 totaling RM8,205,533 on 25 April 2018.

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.

32 BASIC (LOSS)/EARNINGS PER SHARE - GROUP

The basic (loss)/earnings per ordinary share is calculated by dividing the Group's total net (loss)/profit after NCI over the number of ordinary shares of the Company in issue during the financial year of 273,518,000 shares (2017: 273,518,000 shares).

33 BUSINESS COMBINATION AND TRANSACTIONS WITH NCI

(a) On 19 April 2017, the Company via its wholly owned subsidiary, MAAIG had 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 were as follows:

	RM'000
(i) Considerations transferred:	
Cash paid	27,255
Acquisition related costs	125
Total considerations transferred	27,380

(ii) Acquisition related costs

The Group incurred acquisition-related costs of RM124,680 that were directly attributable to the issue of shares had been included as part of consideration transferred.

(iii) 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:

	Note	RM'000
Property, plant and equipment	4	1,514
Intangible assets	6	73
Deferred tax assets	9	425
AFS investments	10	156,534
Loans and receivables		270
Reinsurance assets	17	31,554
Insurance receivables		47,763
Deferred acquisition costs	14	16,321
Other receivables		3,362
Cash and cash equivalents		22,376
Insurance contract liabilities	17	(142,650)
Insurance payables		(8,681)
Deferred reinsurance commissions	14	(1,579)
Other payables		(38,767)
Retirement benefit asset/(liability)	20	(479)
Current tax liabilities		(2,060)
AFS reserves	22	1,819
Foreign exchange reserves	22	546
Total fair value of identifiable net assets acquired		88,341

33 BUSINESS COMBINATION AND TRANSACTIONS WITH NCI (continued)

(a) Details of the considerations transferred, the net assets acquired and reserve arising from business combination were as follows: (continued)

(iv) Assets and liabilities of MAAGAP were remeasured at their respective fair value at the acquisition date as follows:

Reserve arising from business combination

	Note	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	28	(10,025)

The reserve arising from business combination was attributable to the workforce and the high probability of the acquired business. It will not be deductible for tax purposes.

(v) Gain on remeasurement of previously held equity investments

	Note	RM'000
Fair value of previously held equity interest		24,435
Less: carrying value immediately before the acquisition date	8	(22,041)
Less: accumulated share of other comprehensive loss before the acquisition date	22	(728)
Gain on remeasurement	28	1,666
Deferred tax liabilities impact	9	(575)
		1,091

(vi) Net cash flows to the Group

Total considerations transferred	(27,380)
Cash and cash equivalents	22,376
Net cash outflow from business combination	(5,004)

33 BUSINESS COMBINATION AND TRANSACTIONS WITH NCI (continued)

(b) 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.

The effect of the changes in the equity interest of MAAGAP on the equity attributable to the owners of the Company was as follows:

	RM'000
Carrying amount of NCI acquired	3,108
Less: fair value of consideration transferred	(3,603)
A decrease in equity attributable to owners of the Group	(495)

(c) On 11 December 2017, MAAIG's equity interest in MAAGAP increased further to 99% via share purchase from other shareholders of MAAGAP.

The effect of the changes in the equity interest of MAAGAP on the equity attributable to the owners of the Company was as follows:

	RM'000
Carrying amount of NCI acquired	21,302
Less: 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 previous financial year ended 31 December 2017 from the date of business combination.

34 DECONSOLIDATION OF SUBSIDIARIES

(a) On 30 August 2018, MAA International Corporation Ltd ("MAAIC"), a wholly-owned subsidiary of the Group commenced members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016, with the appointment of Messrs Mok Chew Yin and Ong Hock An of BDO Consulting Sdn Bhd as the liquidators.

With the relinquishment of the Group's control and involvement in the operation and financial matters of MAAIC to the liquidators, MAAIC ceased to be a subsidiary of the Group with effect from 30 August 2018 and has been deconsolidated from the group consolidated accounts on that date.

Details of the deconsolidation are as follows:

GROUP

	Note	At date of deconsolidation
		RM'000
Cash and cash equivalents		29
Other payables		(22)
Foreign exchange reserve		750
Net assets/Loss on deconsolidation to the Group	28	757

The net cash flow on deconsolidation is determined as follows:

Net cash received		-
Cash and cash equivalent of deconsolidated subsidiary		(29)
Cash outflow from the Group arising from deconsolidation of subsidiary		(29)

(b) On 30 August 2017, the Group had 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 ("KMSB");
(ii) Jaguh Suria Sdn Bhd ("JSSB");
(iii) Genting Mutiara Sdn Bhd ("GMSB"); and
(iv) Pelangi Tegas Sdn Bhd ("PTSB").

KMSB was a 30% owned associated company of MAA Corporation Sdn Bhd ("MAA Corp") and 70% subsidiary of MAA Credit Berhad, who in turn are wholly-owned subsidiaries of the Company. JSSB and GMSB were wholly-owned subsidiaries of KMSB. PTSB was a wholly-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 had ceased to be subsidiaries of the Group with effect from 30 August 2017 and were deconsolidated from the Group on that date.

34 DECONSOLIDATION OF SUBSIDIARIES (continued)

(b) On 30 August 2017, the Group had 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: (continued)

Details of the deconsolidation were as follows:

GROUP

	Note	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	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 from deconsolidation of subsidiaries		(732)

On 5 December 2018, these subsidiaries were dissolved pursuant to Section 459(5) of the Companies Act 2016. The dissolution of KMSB, GMSB, JSSB and PTSB has no financial effect for the financial year ended 31 December 2018 as they had been deconsolidated from the Group on 30 August 2017.

(c) On 22 November 2017, MAA Corporate and Compliance Philippines, Inc. ("MAACC"), a wholly-owned subsidiary of the Group had 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 had ceased to be subsidiary of the Group with effect from 22 November 2017 and was deconsolidated from the Group on that date.

Details of the deconsolidation were as follows:

GROUP

	Note	At date of deconsolidation
		RM'000
Cash and cash equivalents		5
Foreign exchange reserve		9
Net assets/Loss on deconsolidation to the Group	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 from deconsolidation of subsidiary		(5)

35 CHANGE IN ACCOUNTING POLICY

As disclosed in Note 2.1 to the financial statements, the Group and the Company have adopted MFRS 9, which resulted in change in accounting policy and adjustments to the financial position.

Until 31 December 2017, the Group and the Company's financial assets were classified in the following categories: financial assets as FVTPL, AFS and LAR. Note 2.7 to the financial statements set out the details of accounting policies for classification and measurement of financial assets under MFRS 9 and MFRS 139. The adoption of MFRS 9 in 2018 resulted in reclassification and change in measurement of the Group and the Company's certain financial assets.

(i) Classification of financial assets and financial liabilities

The following table and the accompanying notes below shows the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial assets at 1 January 2018:

GROUP

	Note	Original classification under MFRS 139	Carrying amount at 31.12.2017 RM'000	New classification under MFRS 9	Carrying amount at 1.1.2018 RM'000
Financial assets					
Investment in equity securities	(a)	FVTPL	17,267	FVTPL	105,981
Investment in equity securities	(a)	AFS	112,667	FVOCI	23,953
Investment in unit trusts	(b)	FVTPL	2,043	FVTPL	2,043
Investment in government debt securities	(c)	AFS	49,065	FVOCI	39,424
				AC	11,361
Investment in corporate debt securities	(d)	AFS	49,016	FVOCI	3,988
				AC	46,626
Loans and receivables		LAR	105,497	AC	105,476
Insurance receivables		LAR	44,322	AC	43,921
Trade and other receivables		LAR	97,591	AC	97,591
Cash and cash equivalents		LAR	141,226	AC	141,116
Total financial assets			618,694		621,480

35 CHANGE IN ACCOUNTING POLICY (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table and the accompanying notes below shows the original measurement under MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial assets at 1 January 2018: (continued)

GROUP

(a) The Group has equity investments classified as FVTPL and AFS under MFRS 139. Equity investments that are held for trading and classified as FVTPL under MFRS 139 continued to be measured on the same basis under MFRS 9. Certain equity investments were reclassified from AFS to FVTPL because their contractual cash flows do not represent solely payments of principal and interest and the related fair value gains were transferred from the AFS reserve to retained earnings on 1 January 2018. The remaining equity investments classified as AFS which the Group elected to present fair value gains and loss in other comprehensive income, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term, were reclassified to FVOCI. The related fair value gains were transferred from AFS reserve to FVOCI reserve on 1 January 2018. The measurement of these equity investments classified at FVOCI are not affected; however the gains or losses realised from the sale of these equity investments will no longer be transferred to profit or loss on sale, but instead will be reclassified from the FVOCI reserve to retained earnings.

(b) The Group's unit trust investments classified as FVTPL under MFRS 139 continued to be measured on the same basis under MFRS 9.

(c) The Group's certain investments in government debt securities were reclassified from AFS to AC because these investments are held to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the principal amount. The related fair value were deemed to be the starting amortised cost for these investments as at 1 January 2018 with no impact to retained earnings from the reclassification. The remaining government debt securities were reclassified from AFS to FVOCI, as the business model is achieved by collecting contractual cash flows and selling of these investments. The contractual cash flows of these investments are solely principal and interest. The related fair value losses were transferred from AFS reserve to FVOCI reserve on 1 January 2018.

(d) The Group's certain investments in corporate debt securities were reclassified from AFS to AC because these investments are held to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the principal amount. The related fair value were deemed to be the starting amortised cost for these investments as at 1 January 2018 with no impact to retained earnings from the reclassification. The remaining corporate debt securities were reclassified from AFS to FVOCI, as the business model is achieved by collecting contractual cash flows and selling of these investments. The contractual cash flows of these investments are solely principal and interest. The related fair value losses were transferred from AFS reserve to FVOCI reserve on 1 January 2018.

There were no changes to the Group's classification and measurement of the financial liabilities on the adoption of MFRS 9.

35 CHANGE IN ACCOUNTING POLICY (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table and the accompanying notes below shows the original measurement under MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial assets at 1 January 2018: (continued)

COMPANY

	Note	Original classification under MFRS 139	Carrying amount at 31.12.2017	New classification under MFRS 9	Carrying amount at 1.1.2018
			RM'000		RM'000
Financial assets					
Investment in equity securities	(e)	FVTPL	17,267	FVTPL	39,273
Investment in equity securities	(e)	AFS	22,006	-	-
Loans and receivables		LAR	100,991	AC	100,991
Trade and other receivables		LAR	90,975	AC	90,975
Cash and cash equivalents		LAR	105,970	AC	105,970
Total financial assets			337,209		337,209

(e) The Company has equity investments that are held for trading and classified as FVTPL under MFRS 139 continued to be measured on the same basis under MFRS 9. Equity investments classified as AFS under MFRS 139 were reclassified to FVTPL under MFRS 9 because their contractual cash flows do not represent solely payments of principal and interest and the related fair value gains were transferred from the AFS reserve to retained earnings on 1 January 2018.

There were no changes to the Company's classification and measurement of the financial liabilities on the adoption of MFRS 9.

35 CHANGE IN ACCOUNTING POLICY (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table reconciles the carrying amounts of financial assets under MFRS 139 to the carrying amounts under MFRS 9:

GROUP

	MFRS 139 Carrying amount at 31.12.2017	Reclassification	Remeasurement	MFRS 9 Carrying amount at 1.1.2018
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Investments at FVTPL				
- Equity securities	17,267	88,714	-	105,981
- Unit trusts	2,043	-	-	2,043
	19,310	88,714	-	108,024
Investments at FVOCI				
- Government debt securities	-	39,424	-	39,424
- Corporate debt securities	-	3,988	-	3,988
- Equity securities	-	23,953	-	23,953
	-	67,365	-	67,365
Investments at AC				
- Government debt securities	-	11,373	(12)	11,361
- Corporate debt securities	-	47,026	(400)	46,626
	-	58,399	(412)	57,987
AFS investments				
- Government debt securities	49,065	(49,065)	-	-
- Corporate debt securities	49,016	(49,016)	-	-
- Equity securities	112,667	(112,667)	-	-
	210,748	(210,748)	-	-
Loans and receivables				
- Staff loans	8	-	-	8
- Fixed and call deposits with maturity more than three months	105,489	-	(21)	105,468
	105,497	-	(21)	105,476
Insurance receivables	44,322	-	(401)	43,921
Trade and other receivables	97,591	-	-	97,591
Cash and cash equivalents				
- Cash and bank balances	32,176	-	(73)	32,103
- Fixed and call deposits with maturity more than three months	109,050	-	(37)	109,013
	141,226	-	(110)	141,116
Total financial assets	618,694	3,730	(944)	621,480

35 CHANGE IN ACCOUNTING POLICY (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table reconciles the carrying amounts of financial assets under MFRS 139 to the carrying amounts under MFRS 9: (continued)

COMPANY

	MFRS 139 Carrying amount at 31.12.2017	Reclassification	Remeasurement	MFRS 9 Carrying amount at 1.1.2018
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Investments at FVTPL				
- Equity securities	17,267	22,006	-	39,273
AFS investments				
- Equity securities	22,006	(22,006)	-	-
Loans and receivables	100,991	-	-	100,991
Trade and other receivables	90,975	-	-	90,975
Cash and cash equivalents	105,970	-	-	105,970
Total financial assets	337,209	-	-	337,209

35 CHANGE IN ACCOUNTING POLICY (continued)

(ii) Impairment of financial assets

The following table reconciles the closing allowance for impairment loss for financial assets in accordance with MFRS 139 as at 31 December 2017 to the opening allowance for impairment loss determined using ECL method in accordance with MFRS 9 at 1 January 2018.

GROUP

	MFRS 139		MFRS 9
	Allowance for impairment loss at 31.12.2017	Remeasurement	Allowance for impairment at 1.1.2018
	RM'000	RM'000	RM'000
Investments at FVOCI			
- Government debt securities	-	43	43
- Corporate debt securities	-	20	20
Investments at AC			
- Government debt securities	-	12	12
- Corporate debt securities	-	400	400
Loans and receivables			
- Fixed and call deposits with maturity more than three months	-	21	21
Insurance receivables	1,770	401	2,171
Cash and cash equivalents			
- Cash and bank balances	-	73	73
- Fixed and call deposits with maturity less than three months	-	37	37
Total	1,770	1,007	2,777

35 CHANGE IN ACCOUNTING POLICY (continued)

(iii) Effect on retained earnings and fair value reserve

The following table shows the impacts of the adoption of MFRS 9 on the Group's and the Company's retained earnings at 1 January 2018:

	GROUP RM'000	COMPANY RM'000
Closing balance under MFRS 139 at 31 December 2017	259,140	164,987
Impacts of adoption of MFRS 9:		
Recognition of fair value gains for equity securities reclassified from AFS to FVTPL	13,833	9,311
Recognition of impairment loss for:		
- Government debt securities at FVOCI	(43)	-
- Corporate debt securities at FVOCI	(20)	-
- Government debt securities at AC	(12)	-
- Corporate debt securities at AC	(400)	-
- Loans and receivables	(21)	-
- Insurance receivables	(401)	-
- Cash and cash equivalents	(110)	-
	(1,007)	-
Deferred tax impact	282	-
	(725)	-
Total adjustments to retained earnings upon adoption of MFRS 9	13,108	9,311
Opening balance under MFRS 9 at 1 January 2018	272,248	174,298

35 CHANGE IN ACCOUNTING POLICY (continued)

(iii) Effect on retained earnings and fair value reserve (continued)

The following table shows the impacts of the adoption of MFRS 9 on the Group's and the Company's fair value reserves at 1 January 2018:

	AFS reserves RM'000	FVOCI reserves RM'000
GROUP		
Closing balance under MFRS 139 at 31 December 2017	10,044	-
Reclassification of fair value gains for equity securities from AFS to FVTPL	(13,833)	-
Reclassification of fair value gains for equity securities from AFS to FVOCI	(1,135)	1,135
Reclassification of fair value losses for government debt securities reclassified from AFS to FVOCI	1,110	(1,110)
Reclassification of fair value losses for corporate debt securities reclassified from AFS to FVOCI	84	(84)
Reclassification of fair value losses for government debt securities reclassified from AFS to AC	1,732	-
Reclassification of fair value losses for corporate debt securities reclassified from AFS to AC	1,998	-
Recognition of impairment loss for government debt securities at FVOCI	-	43
Recognition of impairment loss for corporate debt securities at FVOCI	-	20
Total adjustments to fair value reserves upon adoption of MFRS 9	(10,044)	4
Opening balance under MFRS 9 at 1 January 2018	-	4
COMPANY		
Closing balance under MFRS 139 at 31 December 2017	9,311	-
Reclassification of fair value gains for equity securities from AFS to FVTPL	(9,311)	-
Opening balance under MFRS 9 at 1 January 2018	-	-

36 CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted but not provided for at the date of the statement of financial position is as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment				
- Renovation	416	-	-	-

(b) Operating lease commitments

The Group and the Company lease various offices under operating lease agreements. The lease terms are between 1 to 4 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	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within 1 year	2,087	2,268	456	456
Between 1 to 4 years	1,086	2,762	418	874
	3,173	5,030	874	1,330

37 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	Indirect 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries:				
Interest income from advances to subsidiaries	-	-	-	698
Management fee income from subsidiaries	-	-	664	636
Office support fee income from subsidiaries	-	-	55	55
Transactions with related parties:				
Rental income receivable from:				
Melewar Industrial Group Berhad	87	81	-	-
Melewar Equities Sdn Bhd	56	52	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	20	18	-	-
Melewar Equities Sdn Bhd	13	12	-	-
Human resource fee income receivable from Mycron Steel Berhad	143	106	143	106
Staff secondment fee income receivable from Melewar Integrated Engineering Sdn Bhd	46	128	46	128
Company secretarial and related fees payable to Trace Management Services Sdn Bhd	(270)	(230)	(253)	(210)

Related party receivables/payables

There were no significant balances with related parties at the financial year end.

37 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	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- salaries	3,925	4,779	3,051	3,951
- bonus	1,009	1,207	508	650
- defined retirement contribution plan	607	788	570	745
- fees	15	11	-	-
- other emoluments	104	219	-	125
- estimated monetary value of benefits-in-kind	91	100	84	89
	5,751	7,104	4,213	5,560
Non-executive Directors:				
- fees	547	387	350	247
- other emoluments	160	116	134	95
	707	503	484	342
	6,458	7,607	4,697	5,902
Chief Executive Officers:				
- salaries	2,102	1,868	1,373	1,333
- bonus	685	737	229	222
- defined retirement contribution plan	275	249	256	249
- fees	15	11	-	-
- other emoluments	107	72	-	-
- estimated monetary value of benefits-in-kind	53	52	53	52
	3,237	2,989	1,911	1,856
Other key management personnel:				
- short term employee benefits	3,134	2,681	2,153	1,845

38 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).

The following summary describes the operations in each of the Group's operating segments for the current financial year ended 31 December 2018:

- 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.

There have been no material changes in total assets, the basis of segmentation and the basis of measurement of segment profit or loss from the last annual financial statements, except the Retail mortgage lending business was recognised as an operating segment for 11 months ended 30 November 2018 before it was disposed by the Group as disclosed in Note 45(f) of the financial statements.

Measurement and Evaluation of Segment Performance

The Executive Committee evaluates operating segments' performance on the basis of revenue and profit. Expenses directly associated with each operating segment are included in determining their respective profits. Transactions between operating segments are based on mutually agreed allocation bases.

38 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2018

	Note	Investment holdings	Education services	Retail mortgage lending	General insurance	Other segments	Group
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue		9,247	3,607	-	155,774	613	169,241
Net earned premiums	23	-	-	-	104,021	-	104,021
Interest income	24	7,425	-	-	5,126	132	12,683
Fair value (losses)/gains	26	(27,350)	-	-	(5,032)	3	(32,379)
Other (expenses)/revenue		(400)	3,762	-	5,939	830	10,131
Net claims incurred		-	-	-	(40,348)	-	(40,348)
Allowance for impairment loss on insurance receivables	29	-	-	-	(91)	-	(91)
Depreciation	29	(593)	(83)	-	(270)	(13)	(959)
Amortisation	29	(50)	(8)	-	(21)	(5)	(84)
Other expenses		(21,251)	(3,649)	-	(54,454)	(2,680)	(82,034)
Finance cost		-	-	-	(9)	-	(9)
(Loss)/profit by segments		(42,219)	22	-	14,861	(1,733)	(29,069)
Share of profit of associates, net of tax		-	-	4,696	-	-	4,696
(Loss)/profit before taxation		(42,219)	22	4,696	14,861	(1,733)	(24,373)

38 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2017

	Note	Investment holdings	Education services	Retail mortgage lending	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	23	-	-	-	70,184	-	70,184
Interest income	24	9,264	1	-	3,794	58	13,117
Fair value losses	26	(8,254)	-	-	-	(54)	(8,308)
Write back of impairment loss on loans from money lending, hire purchase and other credit activities	28	-	-	-	-	2	2
Other revenue		33,509	4,700	-	5,442	195	43,846
Net claims incurred		-	-	-	(33,352)	-	(33,352)
Write back of impairment loss on insurance receivables	29	-	-	-	95	-	95
Allowance for impairment loss on other receivables	29	(44)	-	-	-	-	(44)
Depreciation	29	(675)	(77)	-	(198)	(4)	(954)
Amortisation	29	(56)	(8)	-	-	(6)	(70)
Other expenses		(21,933)	(5,036)	-	(35,319)	(1,227)	(63,515)
Finance cost		-	-	-	(9)	-	(9)
Profit/(loss) by segments		11,811	(420)	-	10,637	(1,036)	20,992
Share of profit of associates, net of tax		-	-	6,150	1,486	-	7,636
Profit/(loss) before taxation		11,811	(420)	6,150	12,123	(1,036)	28,628

38 SEGMENTAL INFORMATION (continued)

	Investment holdings	Education services	General insurance	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2018					
Segment assets	434,950	798	309,770	11,382	756,900
Associates*	-	-	-	-	-
Total assets	434,950	798	309,770	11,382	756,900
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

* The Group had on 27 December 2018 disposed its 47.95% equity interest in CCA which engaged in retail mortgage lending business.

Geographical segments

The Group operates mainly in Malaysia and Philippines. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	13,121	15,779	32,064	123,535
Philippines	155,774	102,944	128,748	121,731
Indonesia	115	102	9,555	11,089
London	231	199	8,199	9,203
	169,241	119,024	178,566	265,558

39 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, meeting regulatory capital requirements and obligations to policyholders, preservation of capital for new investments/business opportunities and the expectation of stakeholders.

The Company manages the capital of the Group to ensure sources 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 of initial ordinary share capital and retained earnings. The Group has insignificant borrowings in the form of hire purchase financing totalling RM79,000 (2017: RM115,000) as at 31 December 2018. The Company does not have any borrowings as at 31 December 2018.

40 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 Risk & Sustainability Committee ("RSC") is ultimately responsible for effective risk oversight and the framework within the Group. The RSC 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 ("GARD"). As for the operation in Philippines, the risk management function is supported by their own internal team who report directly to their respective Risk Management Committees, and indirectly to the RSC.

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 GARD 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 & Governance Committee ("AGC") 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.

41 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 contracts: 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 General insurance subsidiary's claims liabilities (excluding provision for IBNR) by the type of contract:

	31.12.2018			31.12.2017		
	Gross claims liabilities	**Reinsurers' share of claims liabilities**	**Net claims liabilities**	**Gross claims liabilities**	**Reinsurers' share of claims liabilities**	**Net claims liabilities**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fire	28,878	(13,669)	15,209	32,636	(14,679)	17,957
Motor	24,930	(286)	24,644	29,158	(999)	28,159
Marine	3,748	(2,159)	1,589	5,476	(2,577)	2,899
General accounts	4,084	(1,117)	2,967	6,151	(2,929)	3,222
Bonds	5,011	(1,493)	3,518	3,460	(1,110)	2,350
Personal accident	910	(122)	788	957	(106)	851
Engineering	5,388	(3,150)	2,238	2,141	(1,057)	1,084
	72,949	(21,996)	50,953	79,979	(23,457)	56,522

41 INSURANCE RISK (continued)

Terms and Conditions

The major classes of general insurance written by the General insurance subsidiary include fire 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 end of each 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. Other key assumptions include variation in interest rate, delays in settlement and changes in foreign currency rates.

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	Decrease on profit before tax	Decrease on equity
	%	RM'000	RM'000	RM'000	RM'000
31 December 2018					
Average claim cost	+15%	10,942	7,643	(7,643)	(5,350)
Average number of claims	+10%	7,295	5,095	(5,095)	(3,567)
31 December 2017					
Average claim cost	+15%	11,997	8,478	(8,478)	(5,935)
Average number of claims	+10%	7,998	5,652	(5,652)	(3,957)

41 INSURANCE RISK (continued)

Claims Development Table

The following tables show the General insurance subsidiary's 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 each reporting period with cumulative payments to-date.

Gross General Insurance Contract Liabilities for 2018

Accident year /Development year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	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	RM'000
2007	96,183	113,102	118,373	121,179	119,752	119,284	119,208	119,253	119,341	119,378	119,736	119,765	119,765
2008	24,985	25,232	25,598	24,865	24,711	24,717	24,737	24,765	24,797	24,774	24,774	-	24,774
2009	53,920	48,654	52,077	52,182	52,177	52,094	51,514	51,525	51,491	51,493	-	-	51,493
2010	25,447	23,761	24,983	25,432	25,246	25,226	25,204	25,120	25,122	-	-	-	25,122
2011	28,078	26,715	26,751	25,245	25,064	25,003	24,960	25,009	-	-	-	-	25,009
2012	32,798	29,970	27,745	27,460	27,302	27,222	27,072	-	-	-	-	-	27,072
2013	64,352	55,212	51,779	51,045	50,732	49,681	-	-	-	-	-	-	48,681
2014	34,093	30,565	28,873	26,351	26,483	-	-	-	-	-	-	-	26,483
2015	41,123	37,791	34,028	32,488	-	-	-	-	-	-	-	-	32,488
2016	46,841	47,652	44,916	-	-	-	-	-	-	-	-	-	44,916
2017	63,623	53,744	-	-	-	-	-	-	-	-	-	-	53,744
2018	62,913	-	-	-	-	-	-	-	-	-	-	-	62,913
Current estimate of cumulative claims incurred	62,913	53,744	44,916	32,488	26,483	49,681	27,072	25,009	25,122	51,493	24,774	119,765	543,460
Cumulative payments to date	(19,620)	(39,574)	(34,693)	(31,260)	(25,067)	(48,519)	(26,943)	(24,984)	(24,729)	(50,613)	(24,744)	(119,765)	(470,511)
Gross insurance contract liabilities (excluded provision for IBNR)	43,293	14,170	10,223	1,228	1,416	1,162	129	25	393	880	30	-	72,949

41 INSURANCE RISK (continued)

Claims Development Table (continued)

Net General Insurance Contract Liabilities for 2018

Accident year /Development year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	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	RM'000
2007	54,923	68,414	76,381	79,516	80,678	80,442	80,355	80,371	80,389	80,394	81,415	80,417	80,417
2008	11,955	12,831	13,377	12,815	12,699	12,704	12,676	12,678	12,681	12,682	12,682	-	12,682
2009	15,227	16,202	16,271	16,444	16,465	16,394	16,274	16,285	16,283	16,285	-	-	16,285
2010	14,379	12,688	13,076	13,060	12,914	12,930	12,921	12,911	12,912	-	-	-	12,912
2011	15,559	15,163	15,151	14,327	14,242	14,245	14,236	14,257	-	-	-	-	14,257
2012	15,970	16,573	15,508	15,514	15,503	15,475	15,368	-	-	-	-	-	15,368
2013	22,771	21,723	18,908	19,532	19,484	19,392	-	-	-	-	-	-	19,392
2014	23,002	22,080	21,049	19,884	19,841	-	-	-	-	-	-	-	19,841
2015	34,349	31,012	28,713	27,219	-	-	-	-	-	-	-	-	27,219
2016	40,856	39,876	36,663	-	-	-	-	-	-	-	-	-	36,663
2017	52,100	46,512	-	-	-	-	-	-	-	-	-	-	46,512
2018	51,207	-	-	-	-	-	-	-	-	-	-	-	51,207
Current estimate of cumulative claims incurred	51,207	46,512	36,663	27,219	19,841	19,392	15,368	14,257	12,912	16,285	12,682	80,417	352,755
Cumulative payments to date	(19,115)	(36,313)	(30,073)	(26,065)	(19,180)	(19,227)	(15,318)	(14,255)	(12,879)	(16,283)	(12,677)	(80,417)	(301,802)
Gross insurance contract liabilities (excluded provision for IBNR)	32,092	10,199	6,590	1,154	661	165	50	2	33	2	5	-	50,953

41 INSURANCE RISK (continued)

Claims Development Table (continued)

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
2012	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

41 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

42 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 and market 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.

42 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	BBB	Not rated	Not subject to credit risk	Past due but not impaired	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2018									
Investments at FVTPL									
Equity securities	-	-	-	-	-	101,309	-	-	101,309
Unit trusts	-	-	-	-	-	3,852	-	-	3,852
Derivatives	-	-	-	-	-	112	-	-	112
Investments at FVOCI									
Government debt securities	38,669	-	-	-	-	-	-	-	38,669
Corporate debt securities	-	3,728	-	-	-	-	-	-	3,728
Equity securities	-	-	-	-	-	22,343	-	-	22,343
Investments at AC									
Government debt securities	10,992	-	-	-	-	-	-	12	11,004
Corporate debt securities	-	58,468	-	-	-	-	-	492	58,960
Loans and receivables									
Staff loans	-	-	-	-	28	-	-	-	28
Loans from money lending, hire purchase and other credit facilities	-	-	-	-	-	-	-	19,794	19,794
Fixed and call deposits	-	-	-	4,500	-	-	-	21	4,521
Insurance receivables	-	-	-	-	32,057	-	15,551	1,041	48,649
Trade and other receivables	521	662	93,750	23	7,676	737	-	21,792	125,161
Cash and cash equivalents	-	126,888	34,077	19,814	70,334	19	-	92	251,224
Allowance for impairment loss	-	-	-	-	-	-	-	(43,244)	(43,244)
	50,182	189,746	127,827	24,337	110,095	128,372	15,551	-	646,110

42 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating (continued)

GROUP

	Neither past-due nor impaired								
	Government Guaranteed	AAA	AA	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 2017									
Investments at FVTPL									
Equity securities	-	-	-	-	-	17,267	-	-	17,267
Unit trusts	-	-	-	-	-	2,043	-	-	2,043
AFS investments									
Government debt securities	49,065	-	-	-	-	-	-	-	49,065
Corporate debt securities	-	49,016	-	-	-	-	-	-	49,016
Equity securities	-	-	-	-	-	112,667	-	-	112,667
Loans and receivables									
Staff loans	-	-	-	-	8	-	-	-	8
Loans from money lending, hire purchase and other credit facilities	-	-	-	-	-	-	-	20,903	20,903
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	3,499	3,178	-	21,792	119,383
Cash and cash equivalens	-	30,442	86,285	24,446	17	36	-	-	141,226
Allowance for impairment loss	-	-	-	-	-	-	-	(44,465)	(44,465)
	49,589	181,039	176,076	28,953	35,128	135,191	12,718	-	618,694

42 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**	**Not rated**	**Not subject to credit risk**	**Past due and impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2018						
Investments at FVTPL						
Equity securities	-	-	-	38,488	-	38,488
Unit trusts	-	-	-	1,719	-	1,719
Derivatives	-	-	-	112	-	112
Loan and receivables						
Staff loans	-	-	15	-	-	15
Trade and other receivables	-	93,750	439	144	204	94,537
Cash and cash equivalents	69,826	22,224	70,174	3	-	162,227
Allowance for impairment loss	-	-	-	-	(204)	(204)
	69,826	115,974	70,628	40,466	-	296,894
31 December 2017						
Investments at FVTPL						
Equity securities	-	-	-	17,267	-	17,267
AFS investments					`	
Equity securities	-	-	-	22,006	-	22,006
Loan and receivables						
Staff loans	-	-	1	-	-	1
Fixed and call deposits	100,990	-	-	-	-	100,990
Trade and other receivables	-	89,791	875	309	204	91,179
Cash and cash equivalents	26,942	79,025	-	3	-	105,970
Allowance for impairment loss	-	-	-	-	(204)	(204)
	127,932	168,816	876	39,585	-	337,209

42 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:

GROUP

	< 30 days	31 to 60 days	61 to 90 days	>90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2018					
Insurance receivables					
Due from brokers and agents	5,502	2,743	1,946	4,026	14,217
Due from ceding companies	131	152	26	81	390
Reinsurance recoverable on paid losses	24	10	32	878	944
	5,657	2,905	2,004	4,985	15,551
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.

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 assets and liabilities are presented on a contractual cash flow basis except for insurance contract liabilities and reinsurance assets, the maturity profiles of which are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

42 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 2018							
Financial assets							
Investments at FVTPL							
Equity securities	101,309	-	-	-	-	101,309	101,309
Unit trusts	3,852	-	-	-	-	3,852	3,852
Derivatives	112	-	-	-	-	112	112
Investments at FVOCI							
Government debt securities	38,669	5,607	4,395	18,851	9,816	-	38,669
Corporate debt securities	3,728	-	860	2,450	418	-	3,728
Equity securities	22,343	4,090	3,918	9,940	3,922	473	22,343
Investments at AC							
Government debt securities	10,992	-	-	-	10,992	-	10,992
Corporate debt securities	58,468	-	7,004	29,884	21,580	-	58,468
Loans and receivables							
Staff loans	28	24	4	-	-	-	28
Fixed and call deposits	4,500	4,517	-	-	-	-	4,517
Reinsurance assets – provision for outstanding claims	32,840	32,840	-	-	-	-	32,840
Insurance receivables	47,608	47,608	-	-	-	-	47,608
Trade and other receivables	103,369	101,980	1,389	-	-	-	103,369
Cash and cash equivalents	251,132	251,841	-	-	-	-	251,841
	678,950	448,507	17,570	61,125	46,728	105,746	679,676
Financial liabilities							
Insurance contract liabilities – provision for outstanding claims	89,314	89,314	-	-	-	-	89,314
Insurance payables	13,580	13,580	-	-	-	-	13,580
Trade and other payables	56,436	56,393	43	-	-	-	56,436
	159,330	159,287	43	-	-	-	159,330

42 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							
Investments at FVTPL							
Equity securities	17,267	-	-	-	-	17,267	17,267
Unit trusts	2,043	-	-	-	-	2,043	2,043
AFS investments							
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	-	8,634	9,893	5,131	89,009	112,667
Loans and receivables							
Staff 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	6,385	91,206	-	-	-	97,591
Cash and cash equivalents	141,226	141,366	-	-	-	-	141,366
	647,760	331,019	101,984	45,812	61,911	108,319	649,045
Financial liabilities							
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

42 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

The table below summarises the maturity profile of the Company's financial assets and liabilities based on outstanding terms to maturity still remaining. All liabilities are presented on a contractual cash flow basis.

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 2018					
Financial assets					
Investments at FVTPL					
Equity securities	38,488	-	-	38,488	38,488
Unit trusts	1,719	-	-	1,719	1,719
Derivatives	112	-	-	112	112
Loans and receivables					
Staff loans	15	11	4	-	15
Trade and other receivables	94,333	94,219	114	-	94,333
Cash and cash equivalents	162,227	162,909	-	-	162,909
	296,894	257,139	118	40,319	297,576
Financial liabilities					
Trade and other payables	3,051	3,051	-	-	3,051
31 December 2017					
Financial assets					
Investments at FVTPL					
Equity securities	17,267	-	-	17,267	17,267
AFS investments					
Equity securities	22,006	-	-	22,006	22,006
Loans and receivables					
Staff loans	1	1	-	-	1
Fixed and call deposits	100,990	102,135	-	-	102,135
Trade and other receivables	90,975	1,070	89,905	-	90,975
Cash and cash equivalents	105,970	106,084	-	-	106,084
	337,209	209,290	89,905	39,273	338,468
Financial liabilities					
Trade and other payables	4,770	3,733	1,037	-	4,770

42 FINANCIAL RISK (continued)

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 rate 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 an overseas subsidiary that operates in Philippines whose revenue and expenses are denominated in Philippine Peso ("Peso"). Some of the Group's and the Company's financial assets are held in United States Dollar ("USD"), Australia Dollar ("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.

The tables below show the Group's and 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 2018							
Investments at FVTPL							
Equity securities	3,493	8,673	5,116	8,562	1,343	3,319	30,506
Unit trusts	-	-	-	1,719	-	-	1,719
Insurance receivables	3,564	-	-	-	-	-	3,564
Trade and other receivables	-	4,491	-	-	-	-	4,491
Cash and cash equivalents	7,155	56,828	5,476	2,948	-	-	72,407
	14,212	69,992	10,592	13,229	1,343	3,319	112,687
31 December 2017							
Investments at FVTPL							
Equity securities	1,263	-	3,133	1,106	2,728	1,118	9,348
AFS investments							
Equity securities	-	22,006	-	-	-	-	22,006
Insurance receivables	1,852	-	-	-	-	-	1,852
Cash and cash equivalents	8,988	8	4,586	3,815	-	-	17,397
	12,103	22,014	7,719	4,921	2,728	1,118	50,603

42 FINANCIAL RISK (continued)

Market Risk (continued)

Currency Risk (continued)

The tables below show the Group's and Company's exposure to foreign currency risk, based on carrying value amounts as at the end of the reporting period was: (continued)

	USD	AUD	SGD	HKD	THB	IDR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COMPANY							
31 December 2018							
Investments at FVTPL							
Equity securities	3,493	8,673	5,116	8,562	1,343	3,319	30,506
Unit trusts	-	-	-	1,719	-	-	1,719
Cash and cash equivalents	1,879	-	5,476	2,948	-	-	10,303
	5,372	8,673	10,592	13,229	1,343	3,319	42,528
31 December 2017							
Investments at FVTPL							
Equity securities	1,263	-	3,133	1,106	2,728	1,118	9,348
AFS investments							
Equity securities	-	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

42 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.

		31.12.2018		31.12.2017	
	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%	532	405	512	389
USD	- 5%	(532)	(405)	(512)	(389)
AUD	+ 5%	3,500	2,660	1,101	837
AUD	- 5%	(3,500)	(2,660)	(1,101)	(837)
SGD	+ 5%	530	402	386	293
SGD	- 5%	(530)	(402)	(386)	(293)
HKD	+ 5%	661	503	246	187
HKD	- 5%	(661)	(503)	(246)	(187)
THB	+ 5%	67	51	136	104
THB	- 5%	(67)	(51)	(136)	(104)
IDR	+ 5%	166	126	56	42
IDR	- 5%	(166)	(126)	(56)	(42)
COMPANY					
USD	+ 5%	269	204	258	196
USD	- 5%	(269)	(204)	(258)	(196)
AUD	+ 5%	434	330	1,100	836
AUD	- 5%	(434)	(330)	(1,100)	(836)
SGD	+ 5%	530	402	386	293
SGD	- 5%	(530)	(402)	(386)	(293)
HKD	+ 5%	661	503	246	187
HKD	- 5%	(661)	(503)	(246)	(187)
THB	+ 5%	67	51	136	104
THB	- 5%	(67)	(51)	(136)	(104)
IDR	+ 5%	166	126	56	42
IDR	- 5%	(166)	(126)	(56)	(42)

42 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 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).

		31.12.2018		31.12.2017	
	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	1,772	1,347	2,145	1,630
Interest rate	- 100 basis points	(1,772)	(1,347)	(2,145)	(1,630)
COMPANY					
Interest rate	+ 100 basis points	1,505	1,144	1,937	1,472
Interest rate	- 100 basis points	(1,505)	(1,144)	(1,937)	(1,472)

* 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.

42 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 FVOCI (2017: AFS) 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 and FVOCI (2017: AFS) financial assets.

		31.12.2018		**31.12.2017**	
	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%	1,534	1,534	1,494	1,494
FBM KLCI	-15%	(1,534)	(1,534)	(1,494)	(1,494)
HKEX Hang Seng					
HSI	+15%	1,542	1,542	166	166
HSI	-15%	(1,542)	(1,542)	(166)	(166)
SGX Singapore Securities Market					
STI	+15%	1,291	1,291	659	659
STI	-15%	(1,291)	(1,291)	(659)	(659)
IDX Indonesia Stock Market					
JCI	+15%	498	498	168	168
JCI	-15%	(498)	(498)	(168)	(168)
SET Stock Exchange of Thailand					
SET	+15%	202	202	409	409
SET	-15%	(202)	(202)	(409)	(409)
ASX Australian Securities Exchange					
S&P/ASX 200	+15%	1,301	1,301	-	3,301
S&P/ASX 200	-15%	(1,301)	(1,301)	-	(3,301)
PSE Philippines Stock Exchange					
PSEi	+15%	9,162	9,162	9,237	9,237
PSEi	-15%	(9,162)	(9,162)	(9,237)	(9,237)

42 FINANCIAL RISK (continued)

Market Risk (continued)

Price Risk (continued)

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 and FVOCI (2017: AFS) financial assets. (continued)

		31.12.2018		31.12.2017	
	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
COMPANY					
FTSE Bursa Malaysia					
FBM KLCI	+15%	1,214	1,214	1,188	1,188
FBM KLCI	-15%	(1,214)	(1,214)	(1,188)	(1,188)
HKEX Hang Seng					
HSI	+15%	1,542	1,542	166	166
HSI	-15%	(1,542)	(1,542)	(166)	(166)
SGX Singapore Securities Market					
STI	+15%	1,291	1,291	659	659
STI	-15%	(1,291)	(1,291)	(659)	(659)
IDX Indonesia Stock Market					
JCI	+15%	498	498	168	168
JCI	-15%	(498)	(498)	(168)	(168)
SET Stock Exchange of Thailand					
SET	+15%	202	202	409	409
SET	-15%	(202)	(202)	(409)	(409)
ASX Australian Securities Exchange					
S&P/ASX 200	+15%	1,301	1,301	-	3,301
S&P/ASX 200	-15%	(1,301)	(1,301)	-	(3,301)

*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 GRAD facilitates business units to review and ensure the current procedures adhere to all rules and regulations.

43 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, and 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 & Governance Committee and the Board have oversight of the Group's compliance matters through the Compliance Framework implemented by the Compliance officer. In addition, the core regulated subsidiaries in the Group have their respective dedicated compliance and/or governance teams 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.

44 ALLOWANCE FOR IMPAIRMENT LOSS

(a) Breakdown of the allowance for impairment loss by class of financial assets as at 31 December 2018 are shown below:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Simplified Approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Investments at AC					
Government debt securities					
Gross carrying amounts	11,004	-	-	-	11,004
Allowance for impairment loss	(12)	-	-	-	(12)
	10,992	-	-	-	10,992
Corporate debt securities					
Gross carrying amounts	58,960	-	-	-	58,960
Allowance for impairment loss	(492)	-	-	-	(492)
	58,468	-	-	-	58,468
Loans and receivables					
Loans from money lending, hire purchase and other credit facilities					
Gross carrying amounts	-	-	19,794	-	19,794
Allowance for impairment loss	-	-	(19,794)	-	(19,794)
	-	-	-	-	-
Fixed and call deposits					
Gross carrying amounts	4,521	-	-	-	4,521
Allowance for impairment loss	(21)	-	-	-	(21)
	4,500	-	-	-	4,500
Insurance receivables					
Due from brokers and agents					
Gross carrying amounts	-	-	-	44,636	44,636
Allowance for impairment loss	-	-	-	(439)	(439)
	-	-	-	44,197	44,197
Due from and fund held by ceding companies					
Gross carrying amounts	-	-	-	868	868
Allowance for impairment loss	-	-	-	(46)	(46)
	-	-	-	822	822
Reinsurance recoverable on paid losses					
Gross carrying amounts	-	-	3,145	-	3,145
Allowance for impairment loss	-	-	(556)	-	(556)
	-	-	2,589	-	2,589
Trade and other receivables					
Gross carrying amounts	-	-	125,161	-	125,161
Allowance for impairment loss	-	-	(21,792)	-	(21,792)
	-	-	103,369	-	103,369
Cash and cash equivalents					
Gross carrying amounts	251,224	-	-	-	251,224
Allowance for impairment loss	(92)	-	-	-	(92)
	251,132	-	-	-	251,132
Total carrying amounts	325,092	-	105,958	45,019	476,069

44 ALLOWANCE FOR IMPAIRMENT LOSS (continued)

(b) Reconciliation of the opening balance to the closing balance for allowance for impairment loss by class of financial assets as at 31 December 2018 are shown below:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Simplified Approach	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2018					
Investments at AC					
Government debt securities	12	-	-	-	12
Corporate debt securities	400	-	-	-	400
Loans and receivables					
Loans from money lending, hire purchase and other credit facilities	-	-	20,903	-	20,903
Fixed and call deposits	21	-	-	-	21
Insurance receivables					
Due from brokers and agents	-	-	-	653	653
Due from and fund held by ceding companies	-	-	-	33	33
Reinsurance recoverable on paid losses	-	-	1,485	-	1,485
Trade and other receivables	-	-	21,792	-	21,792
Cash and cash equivalents	110	-	-	-	110
	543	-	44,180	686	45,409
Financial assets originated or purchased					
Investments at AC					
Corporate debt securities	105	-	-	-	105
Loans and receivables					
Fixed and call deposits	1	-	-	-	1
Insurance receivables					
Due from brokers and agents	-	-	-	368	368
Due from and fund held by ceding companies	-	-	-	15	15
Reinsurance recoverable on paid losses	-	-	278	-	278
	106	-	278	383	767
Financial assets derecognised or repaid (not written off)					
Insurance receivables					
Due from brokers and agents	-	-	-	(570)	(570)
Cash and cash equivalents	(14)	-	-	-	(14)
	(14)	-	-	(570)	(584)
Amounts written off	-	-	(2,261)	-	(2,261)
Currency translation differences	(18)	-	(55)	(14)	(87)
At 31 December 2018	617	-	42,142	485	43,244

45 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 to 30 April 2019 via Bursa Securities' letters dated 30 October 2018, 27 June 2018, 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 April 2019 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 April 2019;

(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 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 5 June 2018, the shareholders of the Company approved the proposed variations to utilisation of balance proceeds from the disposal of its entire 75% equity interest in MAA Takaful Berhad, were an amount of RM71.9 million will be allocated from the initial utilisation for future investment opportunities/prospective new business to be acquired to revised utilisation for working capital, share buy-back exercise and payment of dividends to shareholders.

(c) On 29 August 2018, MAA Corporation Sdn Bhd ("MAA Corp"), a wholly-owned subsidiary of the Company, has incorporated a company by the name of MAAX Venture Sdn Bhd ("MAAX Venture") with paid-up capital of RM2.00 consist of two (2) ordinary shares with issue price of RM1.00 each. The paid up capital of MAAX Venture was subsequently increased to RM5 million to comply with the minimum capital requirements of Securities Commission Malaysia ("SC") for P2P financing.

The intended principal activity of MAAX Venture is to carry on peer to peer ("P2P") financing business. MAAX Venture has submitted an application to SC for approval to operate the P2P financing business. The said application is still being reviewed by SC.

(d) On 30 August 2018, MAA International Corporation Ltd ("MAAIC"), a wholly-owned subsidiary of the Group has commenced members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016 with the appointment of Messrs Mok Chew Yin and Ong Hock An of BDO Consulting Sdn Bhd as the liquidators.

With the relinquishment of the Group's control and involvement in the operation and financial matters of MAAIC to the liquidators, MAAIC ceased to be a subsidiary of the Group with effect from 30 August 2018 and has been deconsolidated from the group consolidated accounts on that date.

(e) On 5 December 2018, the Company's wholly owned sub-subsidiaries, Keris Murni Sdn Bhd ("KMSB"), Genting Mutiara Sdn Bhd ("GMSB"), Jaguh Suria Sdn Bhd ("JSSB") and Pelangi Tegas Sdn Bhd ("PTSB"), which were placed under Members' Voluntary Winding Up on 29 August 2017, were dissolved after the expiration of three months from the date of the lodgement of the Return by Liquidators relating to the final meeting with the Companies Commission of Malaysia on 5 September 2018, pursuant to Section 459(5) of the Companies Act 2016. The dissolution of KMSB, GMSB, JSSB and PTSB has no financial effect for the financial year under review as they have been deconsolidated from the Group on 30 August 2017.

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(f) On 10 December 2018, Columbus Capital Singapore Pte Ltd ("CCS"), a wholly-owned subsidiary of the Group had entered into a Share Sale Agreement ("SSA") with Consortia Group Holdings Pty Limited ("Consortia" or the "Purchaser") for the disposal of 24,336,000 shares which is equivalent to 47.95% equity interest held in Columbus Capital Pty Limited ("CCA") at a total cash consideration of AUD21.0 million ("Disposal Consideration"). The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the CCA's net assets of AUD20.9 million based on its unaudited financial statements as at 30 September 2018 and a price-to-book ratio of approximately 2.09 times.

The SSA is subject to fulfilment of the completion deliverables as set out. The Disposal Consideration of AUD21.0 million shall be satisfied in cash by the Purchaser which comprised of payment of the initial consideration of AUD19,459,010 at completion and the balance consideration of AUD1,540,990 to be paid 12 months from completion.

On 27 December 2018, CCS has completed the disposal of its 47.95% equity interest in CCA in accordance with terms and conditions of the SSA.

46 SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

On 27 February 2019, the Board of Directors of the Company ("Board") received a letter from Melewar Acquisitions Limited and Melewar Equities (BVI) Ltd (collectively "Non-Entitled Shareholders"), in their capacity as major shareholders of the Company, requesting the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR").

The Proposed SCR entails a selective capital reduction and a corresponding capital repayment of a proposed cash amount of RM1.10 for each ordinary share in the Company ("Share") held by all the shareholders (other than the Non-Entitled Shareholders) whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("Entitled Shareholders").

The Entitled Shareholders collectively hold 167,740,668 Shares, representing approximately 61.33% of the total issued shares of the Company. Pursuant to the Proposed SCR, the issued share capital of the Company will be reduced by up to RM184,514,735 and the Entitled Shareholders will receive an aggregate capital repayment of RM184,514,735 which represents a cash repayment of RM1.10 for each Share held by the Entitled Shareholders on the Entitlement Date. For the avoidance of doubt, the Non-Entitled Shareholders will not be entitled to the capital repayment pursuant to the Proposed SCR.

The Board, except for Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah ("Interested Directors"), who are deemed to be interested in the Proposed SCR, will deliberate on the Proposed SCR and decide on the next course of action.

In this regard, the Board has appointed Affin Hwang Investment Bank Berhad as the Principal Adviser in relation to the Proposed SCR on 27 February 2019, and on 14 March 2019 has further appointed Mercury Securities Sdn Bhd as the Independent Adviser to provide comments, opinions, information and recommendations to the Board (except for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR.

On 29 March 2019, the Company announced the Board (save for Tunku Dato' Yaacob Khyra and Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah who are deemed interested in the Proposed SCR) has deliberated on the Proposed SCR and has resolved to table the Proposed SCR to the Entitled Shareholders of the Company for their consideration and approval at an extraordinary general meeting to be held at a later date.

Subsequently on 1 April 2019, the Board announced the application in relation to the Proposed SCR has been submitted to the Securities Commission Malaysia pursuant to Paragraph 2(a) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

LIST OF SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS AS AT 12 APRIL 2019

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 12 APRIL 2019

Name	No. of Shares Held	% of Shares [a]
Tunku Dato' Yaacob Khyra ("TY") *Indirect Interest*	105,777,084	38.67[1]
Khyra Legacy Berhad ("KLB") *Indirect Interest*	105,777,084	38.67[2]
Melewar Equities Sdn Bhd ("MESB") *Indirect Interest*	105,777,084	38.67[3]
Melewar Acquisitions Limited ("MAL") *Direct Interest*	78,839,140	28.82
Melewar Equities (BVI) Ltd ("MEL") *Direct Interest*	26,937,944	9.85

DIRECTORS' SHAREHOLDINGS AS AT 12 APRIL 2019

	No. of Shares Held			
Name	Direct	% [a]	Indirect	% [a]
TY	-	-	105,777,084	38.67[1]
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] *TY is deemed interested by virtue of him being a trustee and one of the beneficiaries of KLB.*

[2] *KLB, a family trust founded by TY, is deemed interested by virtue of its 100% equity interest in MAL through MESB and 99.81% equity interest in MEL pursuant to Section 8 of the Companies Act, 2016. In addition, MESB owns 0.19% direct equity interest in MEL.*

[3] *MESB is a wholly-owned subsidiary of KLB and is deemed interested by virtue of its 100% equity interest in MAL. In addition, MESB owns 0.19% direct equity interest in MEL.*

STATISTICS OF SHAREHOLDINGS AS AT 12 APRIL 2019

Share Capital	RM304,353,752
Class of Shares	Ordinary Shares
Total Number of Issued Shares	273,517,752
Number of Shareholders	5,436

No. Of Size Of Holdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 - 99	414	7.61	10,731	0.00
100 - 1000	846	15.56	574,003	0.21
1001 - 10000	2,757	50.72	13,578,921	4.97
10001 - 100000	1,202	22.11	38,675,366	14.14
100001 and below 5% of issued shares	215	3.96	114,901,647	42.01
5% and above of issued shares	2	0.04	105,777,084	38.67
TOTAL	**5,436**	**100.00**	**273,517,752**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 12 APRIL 2019

No.	Name	No. Of Shares Held	% Of Shares
1	MELEWAR ACQUISITIONS LIMITED	78,839,140	28.82
2	MELEWAR EQUITIES (BVI) LTD	26,937,944	9.85
3	UOB KAY HIAN NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	11,244,161	4.11
4	CIMB GROUP NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	8,281,700	3.03
5	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CREDIT SUISSE AG (DUB CLT N-TREAT)	5,185,100	1.90
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : FUA KIA PHA	3,828,888	1.40
7	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD BENEFICIARY : MAYBANK KIM ENG SECURITIES PTE LTD FOR KEGANI PACIFIC LTC FUND L.P.	2,402,100	0.88
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR SAROJINI A/P KANDIAH (PB)	2,349,900	0.86
9	AHMAD BIN MOHD DON	2,055,000	0.75
10	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	1,986,800	0.73
11	MICHEAL OOI CHUNG GHEE	1,919,900	0.70
12	LIM KHUAN ENG	1,800,000	0.66

THIRTY LARGEST SHAREHOLDERS AS AT 12 APRIL 2019 (continued)

No.	Name	No. Of Shares Held	% Of Shares [(a)]
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR SIVA KUMAR A/L M JEYAPALAN (PB)	1,764,800	0.64
14	BALVINDER SINGH A/L BHAGWAN SINGH	1,738,200	0.63
15	LAM CHEE CHIANG	1,717,300	0.63
16	YONG KUT SEN	1,690,000	0.62
17	ARTHUR VARKEY SAMUEL	1,600,000	0.58
18	SANJEEV CHADHA	1,585,600	0.58
19	KENANGA NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,473,332	0.54
20	LEE KERWYN	1,349,400	0.49
21	NIRMALA NAVINCHANDRA SHAH	1,292,000	0.47
22	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	1,170,600	0.43
23	GOH TECK YIEW	1,147,200	0.42
24	NG LONG TIANG	1,100,000	0.40
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG SUI YUING (E-BTL)	1,099,200	0.40
26	AFFIN HWANG NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	1,060,628	0.39
27	WANG SEOW MUN	1,013,000	0.37
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YEOW MEI LI (YEO0952C)	1,000,000	0.37
29	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR BANK JULIUS BAER & CO LTD	1,000,000	0.37
30	PUA POH CHU	995,000	0.36
	TOTAL	**170,626,893**	**62.38**

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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 **21st 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 Wednesday, 29 May 2019 at 10.30 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 21st 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 Directors' fees of RM408,000.00 for the period from 1 July 2019 to 30 June 2020 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary.				
2	To approve an amount of up to RM245,000.00 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 July 2019 until 30 June 2020.				
	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:				
3	(i) Dato' Narendrakumar Jasani A/L Chunilal Rugnath				
4	(ii) Onn Kien Hoe				
5	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
6	To approve the Proposed Renewal of Share Buy-Back Authority.				
7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.				
8	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				
9	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 ________________ 2019

____
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 11.05, 11th 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 21st 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 23 May 2019. Only a depositor whose name appears on the Record of Depositors as at 23 May 2019 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 21st 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 11.05, 11^{th} Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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NOTICE
There will be no distribution of door gifts

MAA GROUP BERHAD
(471403-A)

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