MAA GROUP BERHAD

199801015274 (471403-A)

2019

Annual Report

MAA GROUP BERHAD

199801015274 (471403-A)

A WHOLLY OWNED

MALAYSIAN INVESTMENT

HOLDING COMPANY

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This Annual Report can be downloaded at www.maa.my

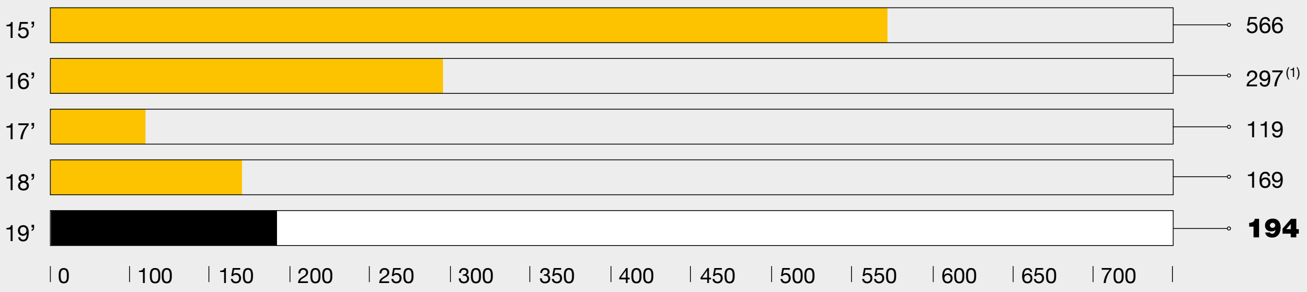
Financial Highlights

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

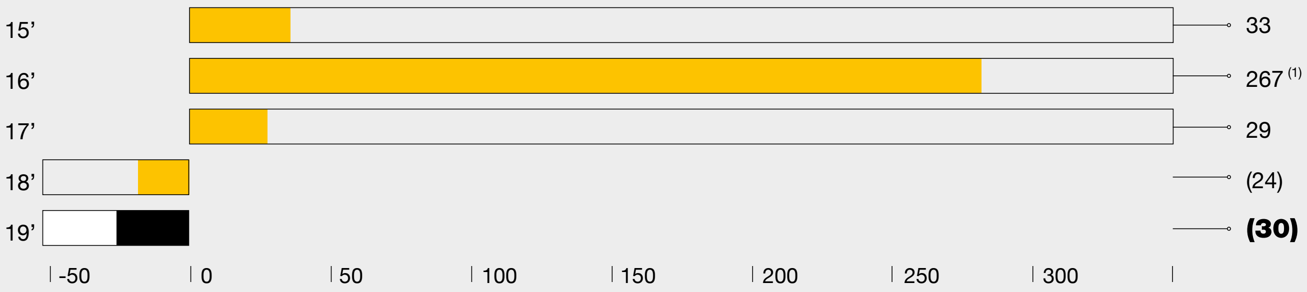
Year Ended 31 December	2019	2018	2017	2016	2015
Statements of Profit or Loss (RM' million)					
Total Operating Revenue	**194**	169	119	297 [(1)]	566
(Loss)/Profit Before Taxation	**(30)**	(24)	29	267 [(1)]	33
Statements of Financial Position (RM' million)					
Total Assets	**839**	757	779	559	1,451
Shareholders' Equity	**488**	530	559	546	410
Financial Ratios					
Return on Capital Employed (%)	**-6.0%**	-4.6%	5.2%	48.9%	8.0%
Return on Total Assets (%)	**-3.5%**	-3.2%	3.7%	47.8%	2.3%
(Loss)/Earnings per Share (sen)	**(11.4)**	(10.0)	9.2	92.3	8.3
Net Asset per Share (RM)	**1.8**	1.9	2.0	2.0	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.

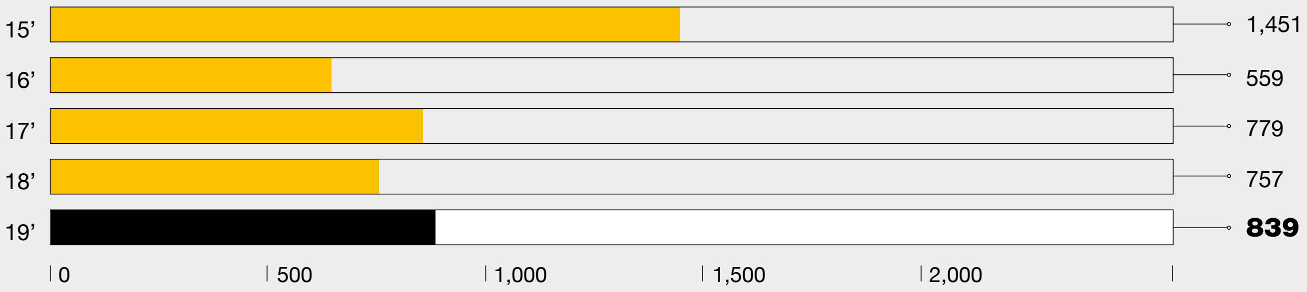
TOTAL OPERATING REVENUE (RM' Million)



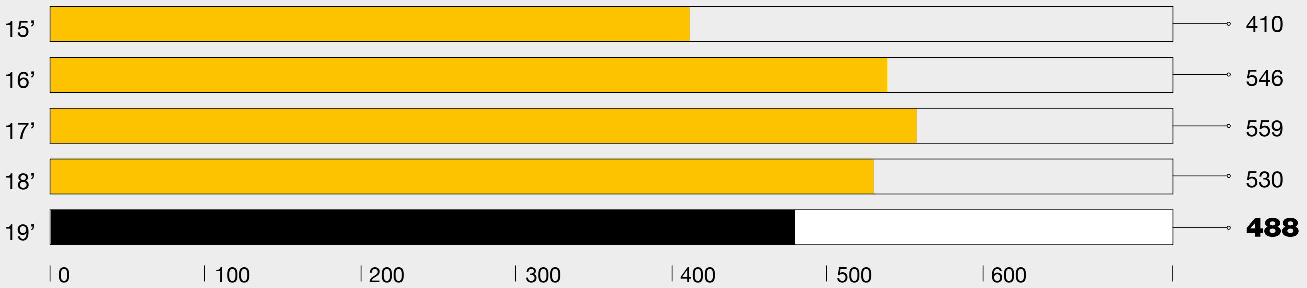
PROFIT/(LOSS) BEFORE TAXATION (RM' Million)



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 Insurance Company Ltd ("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**
   Independent Non-Executive Director
   Chairman of Audit & Governance Committee
   Member of Risk & Sustainability Committee
   Member of Nomination & Remuneration Committee

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. **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

6. **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

Tunku Dato' Yaacob Khyra

AGED 59
MALAYSIAN
MALE

Executive Chairman

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

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

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich 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., Ithmaar Bank B.S.C. (Closed) and several private limited companies. He also sits on the Board of Altech Chemicals Limited which is listed in Australia as Non-Executive Director. His shareholdings in the Company is disclosed on page 192 of the Annual Report.

On 26 November 2019, Tunku Dato' Yaacob was appointed to the Board of Turiya Berhad as Non-Independent Non-Executive Director.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees for MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation.

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.

Board Of Directors' Profile (continued)

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah

AGED 58
MALAYSIAN
MALE

Non-Independent Executive Director

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

Tunku Yahaya is the brother to Tunku Dato' 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.

Yeo Took Keat

AGED 62
MALAYSIAN
MALE

Independent Non-Executive Director

Chairman of Audit & Governance Committee

Member of Risk & Sustainability Committee

Member of Nomination & Remuneration Committee

Mr Yeo Took Keat was appointed to the Board on 24 February 2005 and was appointed as the Group Chief Operating Officer in May 2002. 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. On 2 January 2020, he was re-designated as Independent Non-Executive Director and was appointed as the Chairman of Audit & Governance Committee, upon completing his 2 years' service as Non-Independent Non-Executive Director of the Company based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He is also a Member of Risk & Sustainability Committee and Nomination & Remuneration Committee.

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 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.

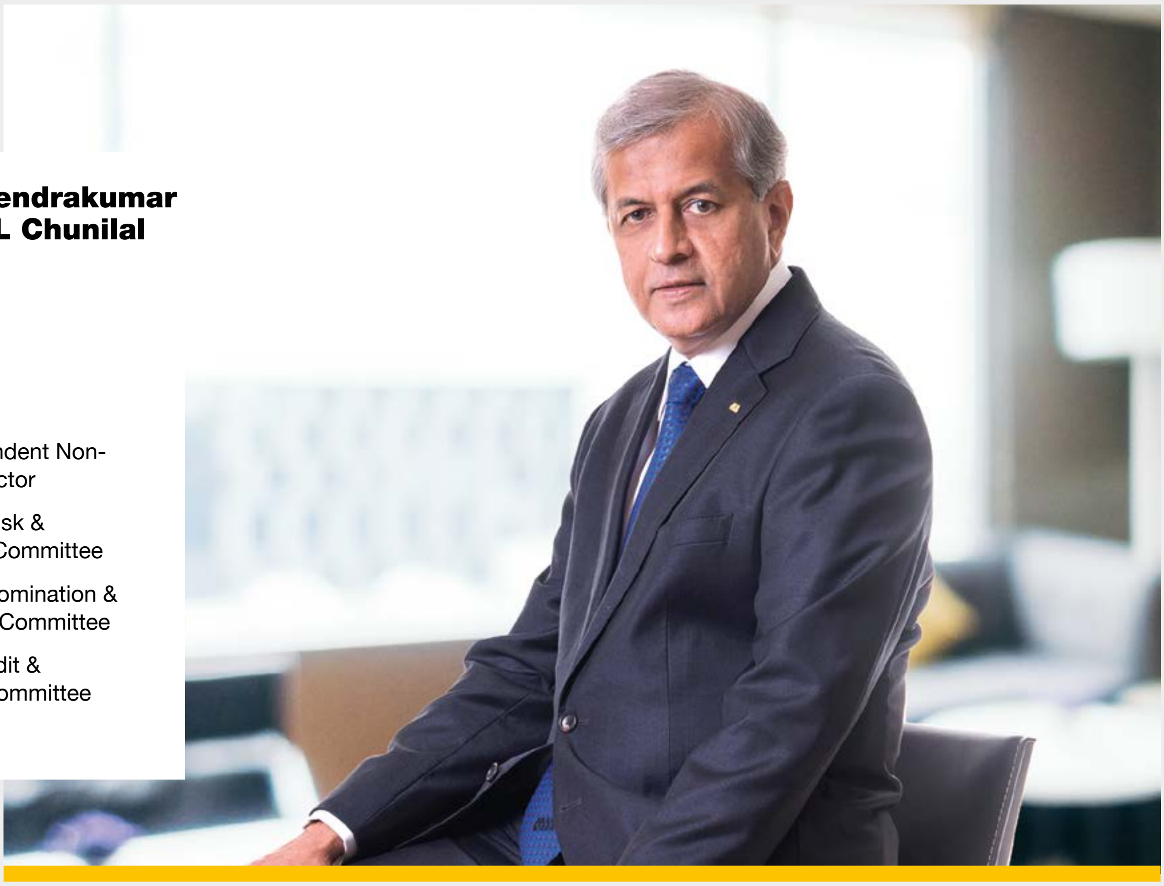
Mr Yeo is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants.

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 192 of the Annual Report.

Board Of Directors' Profile (continued)



Dato' Narendrakumar Jasani A/L Chunilal Rugnath

AGED 70
MALAYSIAN
MALE

Senior Independent Non-Executive Director

Chairman of Risk & Sustainability Committee

Chairman of Nomination & Remuneration Committee

Member of Audit & Governance Committee

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).

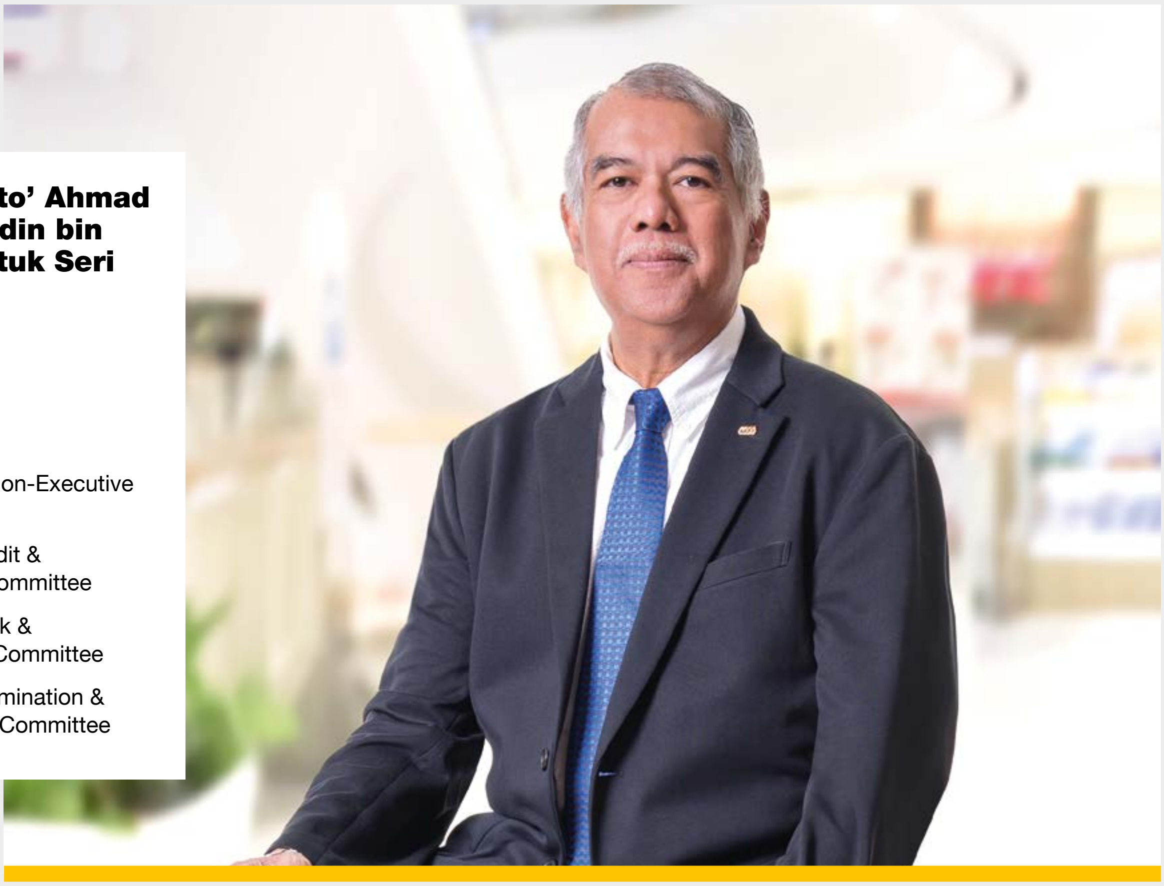
In his professional capacity, he established the Malaysian Chapter of the Institute of Chartered Accountants in England & Wales ("ICAEW") in July 2002 and was the Chairman for 4 years. He remains actively involved as the ICAEW Past Chairman and Adviser. For initiating the Malaysian ICAEW Chapter and 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.

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.



Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan

AGED 58
MALAYSIAN
MALE

Independent Non-Executive Director

Member 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.

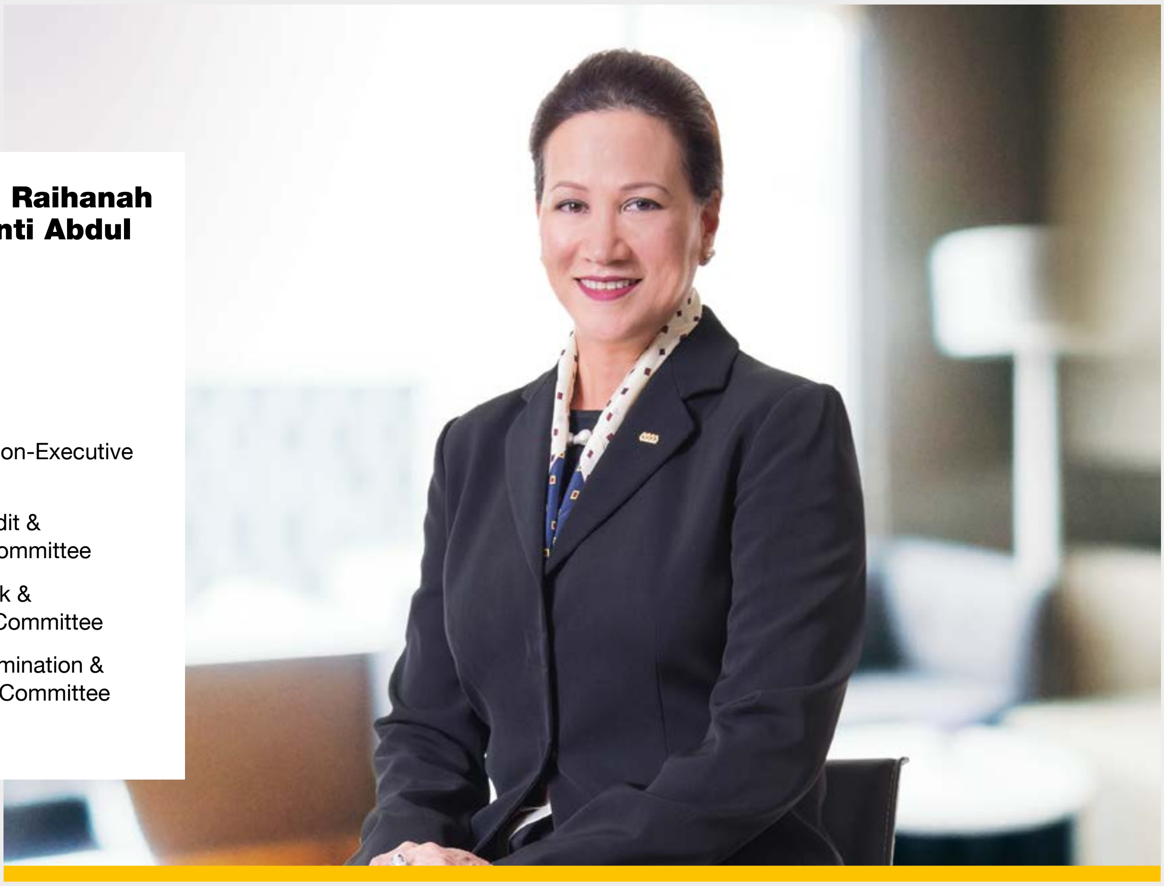
Tunku Dato' Ahmad Burhanuddin currently sits on the Boards of Bank Kerjasama Rakyat Malaysia Berhad and several private limited companies.

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.

Board Of Directors' Profile (continued)



Datin Seri Raihanah Begum binti Abdul Rahman

AGED 58
MALAYSIAN
FEMALE

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. She currently sits on the Boards of Melewar Industrial Group Berhad, Mycron Steel Berhad and several other private limited companies.

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 organisation which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

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.

Key Senior Management Profile

Tunku Dato' Yaacob Khyra

Aged 59, 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 58, 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 58, 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 37 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.

Key Senior Management Profile (continued)

Anand Kanagasingam

Aged 38, Malaysian, Male

Group Chief Operating Officer

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. On 11 March 2020, he was promoted to Group Chief Operating Officer of the Company.

Mr Anand 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 Anand 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.

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

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

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

Mr Anand 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.

Choon Siew Thong

Aged 52, Malaysian, Male

Group Chief Financial Officer

Mr Choon Siew Thong was appointed as Group Chief Financial Officer of the Company on 16 March 2020.

Mr Choon holds a Bachelor of Economics awarded by Monash University, Australia in 1990. He is also a member of both CPA Australia and Malaysian Institute of Accountants ("MIA").

Mr Choon has more than 29 years of work experience since starting his career with Price Waterhouse in mid 1990 before leaving in 2003 to join the commercial world. He was formerly the Group Chief Financial Officer for Kencana Petroleum Bhd in 2007 till 2012 and the Group Chief Risk Officer for Sapurakencana Petroleum Berhad (now known as Sapura Energy Berhad) in 2012 till 2015. Prior to joining the Company, he was the Group Chief Financial Officer for a 100% foreign owned company called MFE Formwork Technology Sdn Bhd.

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

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

Mr Choon 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.

Ng Teck Sing

Aged 56, Malaysian, Male

Head of Information Technology

Mr Ng was appointed as Senior Vice President – Head of Information Technology since December 2017 when he joined the Company.

Mr Ng has 34 years of working experience in IT Management and Insurance Application Development in General Insurance. He started his career as Computer Operator cum Junior Programmer with Pacific & Orient Insurance Co. Bhd in 1986. Subsequently, he joined Power Computer Services Sdn Bhd (now known as P & O Global Technologies Sdn Bhd ("P&O Global")) in 1989 and was posted to Hong Kong in 1990 where he successfully completed 3 turnkey General Insurance system projects for P&O Global.

In 1992, Mr Ng joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) as Assistant Manager and in 2012, he resigned as Senior Manager of MAAGNET Systems Sdn Bhd, a sub-subsidiary of MAA Group Berhad. During his work tenure with Malaysian Assurance Alliance Berhad, he managed to develop a new General Insurance System that covered front and back end processes, whereas during his employment with MAAGNET Systems Sdn Bhd, he developed a Business Intelligence System to provide business insight to the Management. Mr Ng subsequently joined Tune Insurance Malaysia Bhd (now known as Tune Protect Malaysia Bhd) in 2012 as Assistant General Manager for IT Department and then in 2015, he joined MAA Takaful Berhad (now known as Zurich General Takaful Malaysia Bhd) as Assistant Vice President for IT Department.

Mr Ng holds a Postgraduate Diploma in Strategic Business IT awarded by NCC Education, UK.

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

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

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

Key Senior Management Profile (continued)

Angeline Lim Suan See

Aged 54, Malaysian, Female

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 Chief Human Resource & Communications Officer 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 36 years' working experience in the aviation, service and insurance industry. She has been with the Group for 20 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 also serves as a Trustee on the Board of Trustees of MAA-Medicare Charitable Foundation.

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.

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

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan

Datin Seri Raihanah Begum binti Abdul Rahman

AUDIT & GOVERNANCE COMMITTEE

Mr Yeo Took Keat (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)

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan

Datin Seri Raihanah Begum binti Abdul Rahman

Mr Yeo Took Keat

NOMINATION & REMUNERATION COMMITTEE

Dato' Narendrakumar Jasani A/L Chunilal Rugnath (Chairman)

Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan

Datin Seri Raihanah Begum binti Abdul Rahman

Mr Yeo Took Keat

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

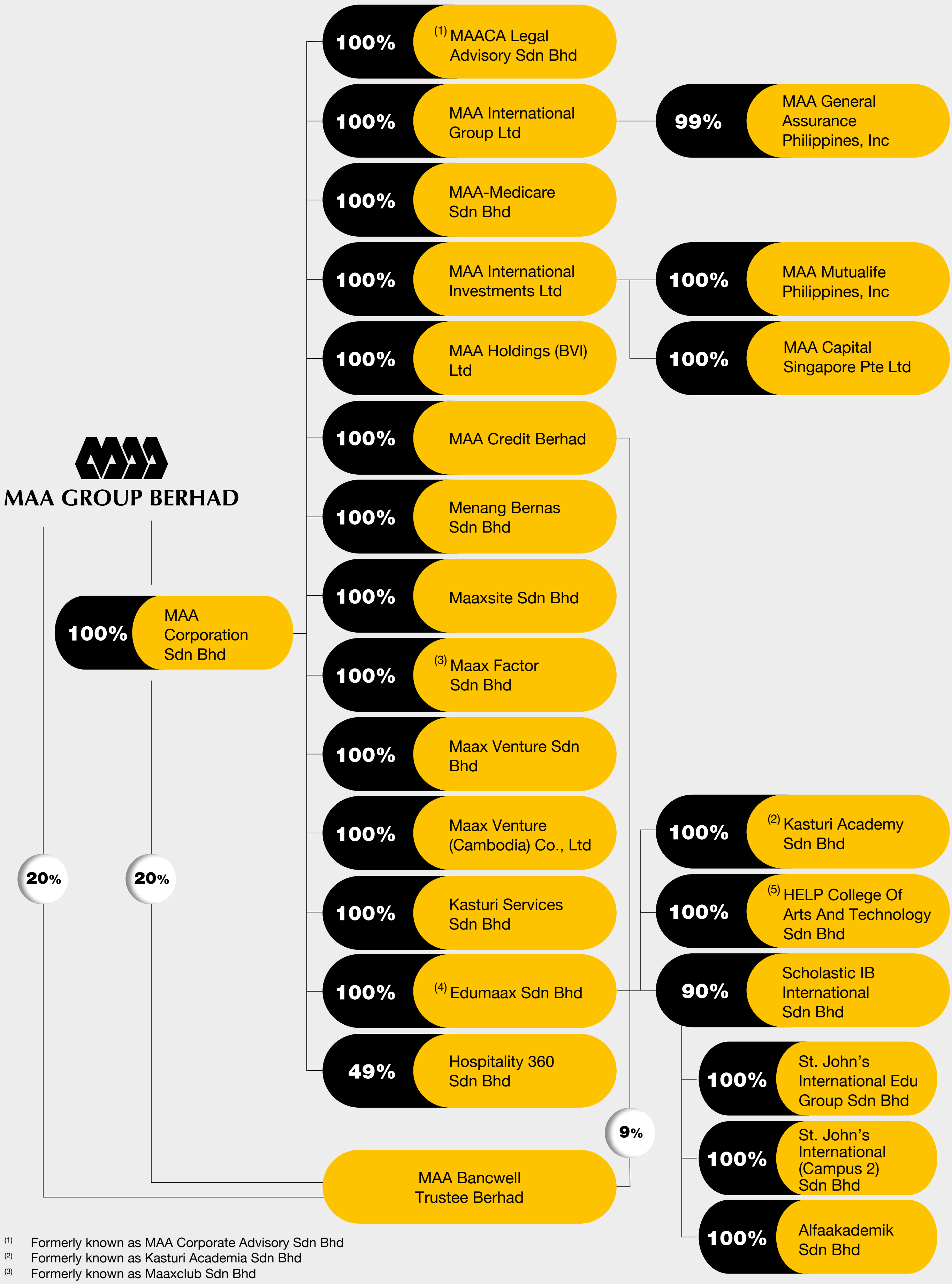
REGISTERED OFFICE

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

SHARE REGISTRAR

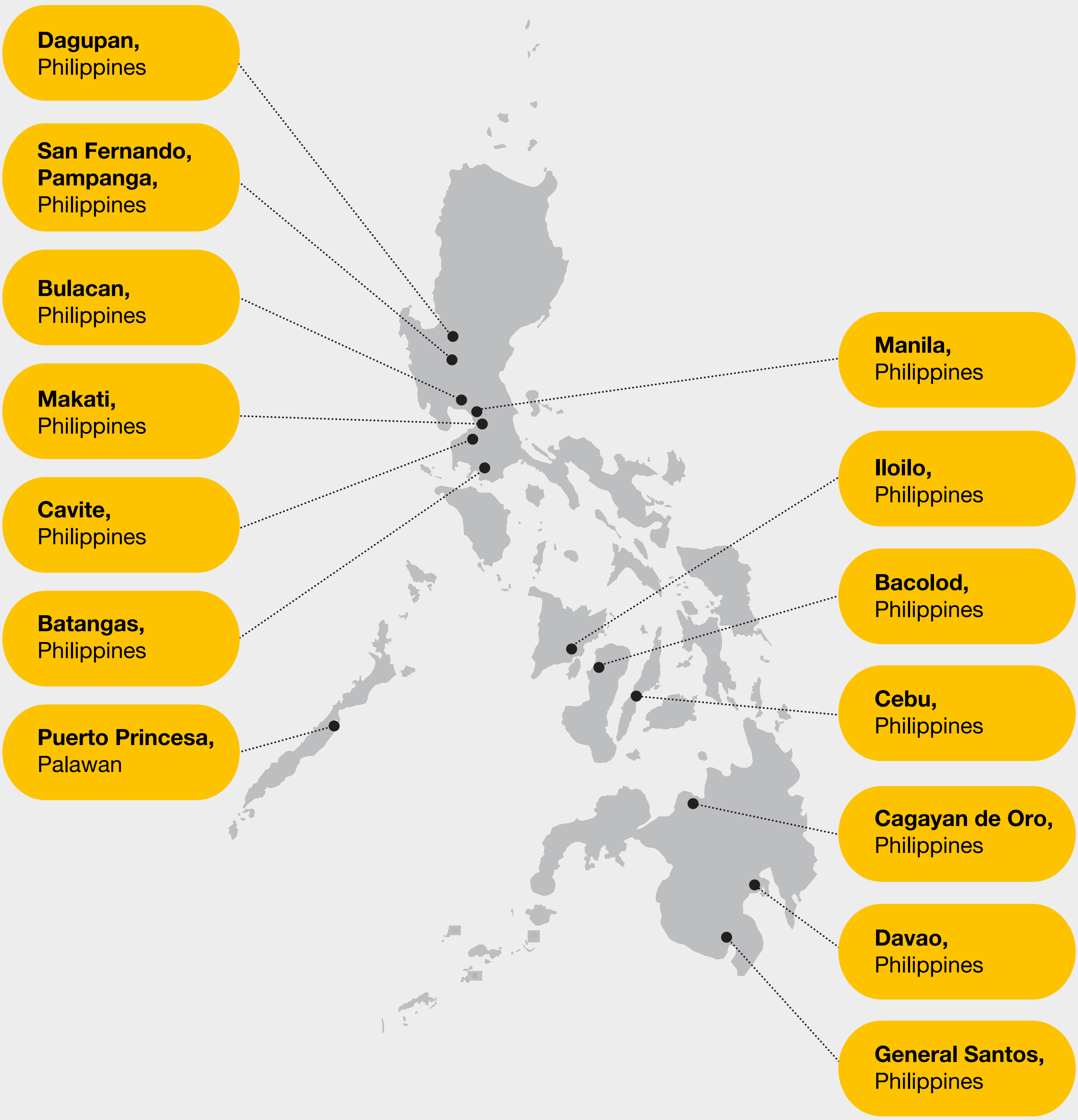
Trace Management Services Sdn Bhd
Suite 11.05, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Telephone No. : 03 6252 8880
Facsimile No. : 03 6252 8080

Group Structure



(1) Formerly known as MAA Corporate Advisory Sdn Bhd
(2) Formerly known as Kasturi Academia Sdn Bhd
(3) Formerly known as Maaxclub Sdn Bhd
(4) Formerly known as Indopelangi Sdn Bhd
(5) As disclosed in Note 48(f) to the financial statements, the Company has taken management control of HELP College of Arts and Technology Sdn Bhd since 31 October 2019; however the transfer of its shares to Edumaax Sdn Bhd is pending approval from the Ministry of Education.

Overseas Operations



Perutusan Pengerusi

TUNKU DATO' YAACOB KHYRA
Pengerusi Eksekutif

MESEJ UTAMA

Pemegang Saham Yang Dihargai,

Bagi pihak Ahli Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Kumpulan bagi tahun berakhir 31 Disember 2019.

Persekitaran Operasi

Pada tahun 2019, kedua-dua Malaysia dan Filipina tidak mencapai sasaran pertumbuhan keluaran dalam negara kasar (KDNK) kerajaan masing-masing. Malaysia mencatatkan pertumbuhan KDNK sebanyak 4.3%, di bawah sasaran rasmi kerajaan sebanyak 4.7%. Kemerosotan pertumbuhan KDNK Malaysia terutamanya disebabkan oleh pertumbuhan global dan aktiviti perdagangan yang lebih rendah, serta penyusutan pelaburan awam dan gangguan kepada sektor berkaitan perdagangan. Pertumbuhan KDNK Filipina adalah pada paras 5.9%, iaitu lebih rendah daripada 6.0% - 6.5% yang menjadi sasaran kerajaan; dibelenggu oleh kelemahan dalam pertanian dan kesan kelewatan kelulusan belanjawan. Namun begitu, Filipina kekal sebagai salah satu ekonomi Asia paling pantas berkembang pada 2019.

Pada tahun yang dilaporkan, Kumpulan menumpukan usahanya untuk mengembangkan operasi perniagaan sedia ada dan pada masa yang sama, telah menyempurnakan beberapa cadangan korporat yang disebutkan pada bahagian yang berikutnya.

Perkembangan Terkini Cadangan Korporat

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

(a) Mengenai Status PN17 Syarikat, Bursa Malaysia Securities Berhad ("Bursa Securities") telah menerusi suratnya bertarikh 20 November 2019, memberikan Syarikat lanjutan masa sehingga 30 April 2020 untuk mengemukakan rancangan penyusunan semula kepada pihak berkuasa kawal selia. Lanjutan masa kemudian diperpanjangkan lagi hingga 31 Oktober 2020 melalui surat Bursa Securities bertarikh 5 Mei 2020.

(b) Pada 13 September 2019, Syarikat menerusi anak syarikat milik penuhnya, Edumaax Sdn Bhd ("Edumaax") memeterai Perjanjian Pembelian Saham ("SPA") dengan HELP International Corporation Berhad ("Penjual") untuk pemerolehan 100% kepentingan ekuiti dalam HELP College of Arts and Technology Sdn Bhd (dahulu dikenali sebagai HELP ICT Sdn Bhd) ("HCAT") untuk pertimbangan pembelian tunai berjumlah RM5.5 juta ("Pertimbangan Pembelian") tertakluk kepada terma dan syarat selanjutnya yang dinyatakan dalam SPA.

    Selepas memenuhi syarat-syarat dalam SPA pada 31 Oktober 2019, Pertimbangan Pembelian penuh telah dibayar kepada peguam yang dilantik oleh Penjual dan Syarikat sebagai pihak berkepentingan. Pada tarikh yang sama, Syarikat telah mengambil alih kawalan pengurusan HCAT. Walaupun begitu, pemindahan saham bergantung kepada kelulusan Kementerian Pendidikan bagi pertukaran pemegang saham tersebut.

(c) Pada 20 September 2019, Edumaax telah memeterai Perjanjian Pemerolehan Saham ("SAA") dengan Scholastic Ventures Sdn Bhd dan PAC Edu KL Sdn Bhd untuk pemerolehan kepentingan ekuiti 90% dalam Scholastic IB International Sdn Bhd ("SIB") untuk pertimbangan pembelian tunai berjumlah RM27 juta tertakluk kepada terma dan syarat yang dinyatakan dalam SAA.

    SIB terlibat terutamanya dalam pegangan pelaburan manakala anak-anak syarikat milik penuhnya terlibat dalam perniagaan seperti berikut:

    (i) St John's International Edu Group Sdn Bhd – menawarkan pendidikan Cambridge menengah rendah dan menengah atas, IGCSE O-Level dan program A-Level;
    (ii) St John's International (Campus 2) Sdn Bhd – tidak aktif; dan
    (iii) Alfaakademik Sdn Bhd – menawarkan kelas tuisyen/tutorial untuk menengah rendah Cambridge dan IGCSE O-Level

    (Syarikat-syarikat dalam (i) hingga (iii) secara kolektif dikenali sebagai "SJI Group")

    Pada 31 Oktober 2019, pemerolehan SIB telah disempurnakan berdasarkan terma dan syarat SAA.

Tinjauan Keputusan

Pada 2019, Kumpulan mencatatkan Rugi Sebelum Cukai ("RSC") RM29.5 juta (2018: RSC RM24.4 juta) berasaskan segmen perniagaan berikut:

- Perniagaan Insurans Am yang dipegang menerusi MAA General Assurance Philippines, Inc ("MAAGAP") – RSC berjumlah RM1.5 juta (2018: Untung Sebelum Cukai ("USC") RM14.9 juta)
- Segmen Pegangan Pelaburan – RSC RM22.4 juta (2018: RSC RM42.2 juta)
- Perniagaan Perkhidmatan Pendidikan – RSC RM2.6 juta (2018: USC RM22,000)

Butir-butir tentang perniagaan, operasi dan prestasi kewangan kumpulan pada tahun yang dilaporkan dan tinjauan Kumpulan bagi 2020 dibincangkan secara berasingan dalam Penyata Perbincangan dan Analisis Pengurusan pada halaman yang dilampirkan.

Dividen

Syarikat terus membayar dividen sebagai ganjaran kepada para pemegang saham atas sokongan mereka. Pada tahun yang dilaporkan, Syarikat telah membayar dividen interim 6.0 sen (2018: 3.0 sen) sesaham biasa di bawah sistem dividen satu peringkat.

Tanggungjawab Sosial Korporat

Meneruskan usaha murninya selama ini, Kumpulan melaksanakan tanggungjawab sosial korporat menerusi MAA Medicare Charitable Foundation dan juga sokongan yang diberikan kepada The Budimas Charitable Foundation.

MAA Medicare Charitable Foundation menguruskan MAA Medicare Kidney Charity Fund dan MAA Medicare Heart Charity Fund yang menyediakan rawatan dialisis buah pinggang dan rawatan penyakit jantung yang termampu kepada pesakit yang kurang bernasib baik.

Pengiktirafan dan Penghargaan

Bagi pihak Lembaga Pengarah, saya mengucapkan terima kasih kepada pasukan 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 kerana sokongan tidak berbelah bagi, keyakinan dan kepercayaan berterusan mereka terhadap kami.

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

Tunku Dato' Yaacob Khyra
Pengerusi Eksekutif

Chairman's Message

TUNKU DATO' YAACOB KHYRA
Executive Chairman

KEY MESSAGES

Dear Valued 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 2019.

Operating Environment

In 2019, both Malaysia and the Philippines missed the governments' gross domestic product (GDP) targets. Malaysia recorded a GDP growth of 4.3%, below the government's official target of 4.7%. The fall in Malaysia GDP growth was mainly due to slower global growth and trade activities, contraction in public investments and disruptions in commodity-related sectors. The Philippines GDP growth was 5.9%, missing the government's 6.0% - 6.5% target; tempered by weakness in agriculture and the impact of budget approved delays. Nevertheless, the Philippines remains one of Asia's fastest growing economies in 2019.

In the year under review, the Group focused its efforts to grow its existing 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 updates 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 20 November 2019, granted the Company an extension of time of up to 30 April 2020 to submit the regularisation plan to the regulatory authorities. The extension of time was subsequently extended to 31 October 2020 via Bursa Securities's letter dated 5 May 2020.

(b) On 13 September 2019, the Company via its wholly-owned sub-subsidiary, Edumaax Sdn Bhd ("Edumaax") entered into a Share Purchase Agreement ("SPA") with HELP International Corporation Berhad ("Seller") for the acquisition of 100% equity interest in HELP College of Arts and Technology Sdn Bhd (formerly known as HELP ICT Sdn Bhd)("HCAT") for a total cash purchase consideration of RM5.5 million ("Purchase Consideration") subject to further terms and conditions stipulated in the SPA.

    Upon the fulfilment of the conditions precedent in the SPA on 31 October 2019, the full Purchase Consideration was paid to the appointed lawyers of Seller and the Company as stakeholders. On even date, the Company has taken management control of HCAT. Notwithstanding this, the shares transfer is pending the approval from the Ministry of Education for the change in shareholder.

(c) On 20 September 2019, Edumaax entered into a Share Acquisition Agreement ("SAA") with Scholastic Ventures Sdn Bhd and PAC Edu KL Sdn Bhd for the acquisition of 90% equity interest in Scholastic IB International Sdn Bhd ("SIB") for a total cash purchase consideration of RM27 million subject to further terms and conditions stipulated in the SAA.

    SIB is principally involved in investment holding and its wholly-owned subsidiary companies are principally involved in:

    (i) St John's International Edu Group Sdn Bhd – offering Cambridge lower secondary and upper secondary, IGCSE O-Level and A-Level program;
    (ii) St John's International (Campus 2) Sdn Bhd – dormant; and
    (iii) Alfaakademik Sdn Bhd – offering tuition/tutorial classes for Cambridge lower secondary and IGCSE O-Level

    (Companies in (i) to (iii) are collectively known as "SJI Group")

    On 31 October 2019, the acquisition of SIB has been completed in accordance with terms and conditions of the SAA.

Overview of Results

In 2019, the Group recorded a Loss Before Taxation ("LBT") of RM29.5 million (2018: LBT of RM24.4 million) by the following main business segment:

- General Insurance business held via MAA General Assurance Philippines, Inc ("MAAGAP") – LBT of RM1.5 million (2018: Profit Before Taxation ("PBT") of RM14.9 million)
- Investment Holdings segment – LBT of RM22.4 million (2018: LBT of RM42.2 million)
- Education Services business – LBT of RM2.6 million (2018: PBT of RM22,000)

Details of the Group's business, operations and financial performance during the year and the Group's outlook for 2020 are discussed separately in the Management's 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 6.0 sen (2018: 3.0 sen) per ordinary share under the single-tier dividend system.

Corporate Social Responsibility

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

MAA Medicare Charitable Foundation manages MAA Medicare Kidney Charity Fund and MAA Medicare Heart Charity Fund which provide affordable kidney dialysis treatment and heart diseases treatment respectively to underprivileged patients.

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

Management's Discussion And Analysis

For The Financial Year Ended 31 December 2019

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 RM213.2 million and RM839.2 million respectively as at end December 2019.

MAAG has remained an investment holdings company. The Group's other significant business segments are General Insurance via subsidiary MAA General Assurance Philippines, Inc. ("MAAGAP") in the Philippines and Education services. The other non-core business activities of the Group comprise of hire purchase, leasing and other credit facilities, property management, IT consultancy and newly commence business debt factoring services.

GROUP'S STRATEGIC DIRECTION

In 2019, MAAG has undertaken the following significant corporate exercise:

(a) On 20 November 2019, Bursa Securities has granted the Company an extension of time of up to 30 April 2020 to submit the PN17 regularisation plan to the regulatory authorities.

(b) On 13 September 2019, the Company via its wholly-owned sub-subsidiary, Edumaax Sdn Bhd ("Edumaax") entered into a Share Purchase Agreement ("SPA") with HELP International Corporation Berhad ("Seller") for the acquisition of 100% equity interest in HELP College of Arts and Technology Sdn Bhd (formerly known as HELP ICT Sdn Bhd)("HCAT") for a total cash purchase consideration of RM5.5 million ("Purchase Consideration") subject to further terms and conditions stipulated in the SPA.

Upon the fulfilment of the conditions precedent in the SPA on 31 October 2019, the full Purchase Consideration was paid to the appointed lawyers of Seller and the Company as stakeholders. On even date, the Company has taken management control of HCAT. Notwithstanding this, the shares transfer is pending the approval from the Ministry of Education for the change in shareholder.

(c) On 20 September 2019, Edumaax entered into a Share Acquisition Agreement ("SAA") with Scholastic Ventures Sdn Bhd and PAC Edu KL Sdn Bhd for the acquisition of 90% equity interest in Scholastic IB International Sdn Bhd ("SIB") for a total cash purchase consideration of RM27.0 million subject to further terms and conditions stipulated in the SAA ("Acquisition of SIB").

SIB is principally involved in investment holding and its wholly-owned subsidiary companies are principally involved in:

(i) St John's International Edu Group Sdn Bhd – offering Cambridge lower secondary and upper secondary, IGCSE O-Level and A-Level program;

(ii) St John's International (Campus 2) Sdn Bhd – dormant; and

(iii) Alfaakademik Sdn Bhd – offering tuition/tutorial classes for Cambridge lower secondary and IGCSE O-Level

(Companies in (i) to (iii) are collectively known as "SJI Group")

On 31 October 2019, the Acquisition of SIB was completed in accordance with terms and conditions of the SAA.

With parents' general emphasis on their children education and the systematic investment they made therein coupled with Malaysia being an international education hub, MAAG has identified Education services as a core business with good prospect for the Group to expand and grow. Towards this end, the acquisition of HCAT and SIB will enable the Group to expand and accelerate growth in the existing Education Services business segment by providing a wide range of education services from the existing tuition center education for national secondary schools under Kasturi Academy Sdn Bhd and Edumaax to secondary education for Cambridge, IGCSE O-Level, A-Level and tertiary education for certificate, displomas, professional and post graduate degrees offered by SJI Group and HCAT.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND CONDITION

(Amount in RM'000)	GROUP	
	FY2019	FY2018
Total Operating Revenue	194,400	169,241
Loss Before Taxation	(29,525)	(24,373)
Total Assets	839,204	756,900
Loss Per Share (sen)	(11.4)	(10.0)
Dividend Rate (sen)	6.0	3.0
Net Assets Per Share (RM)	1.8	1.9

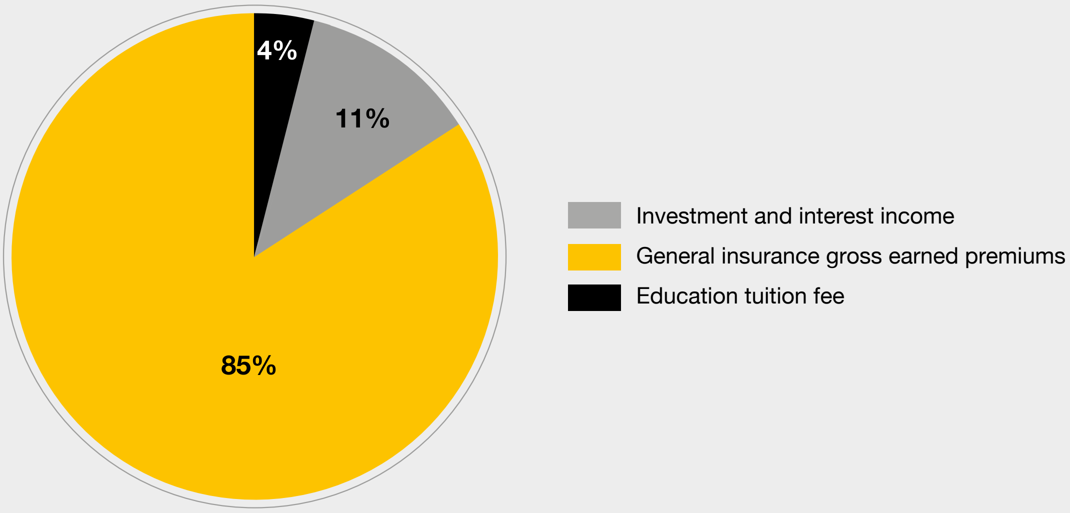
The following analysis of financial performance should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

Review of Statements of Profit or Loss of the Group

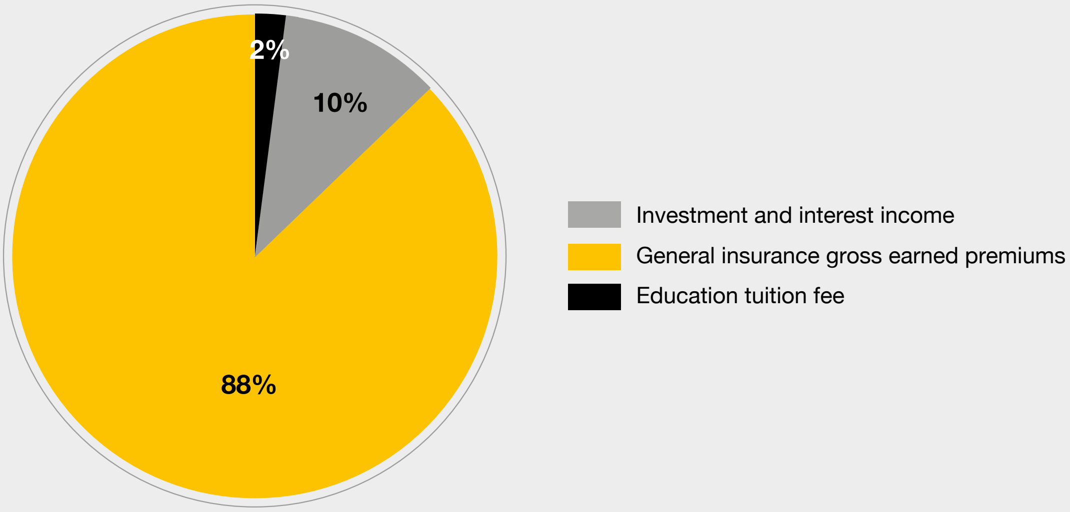
In 2019, the Group recorded a Total Operating Revenue of RM194.4 million (2018: RM169.2 million) with 85.5% comprised of gross earned premiums recorded by the General Insurance business held via MAAGAP.

Major composition of the Group's Total Operating Revenue is shown below:

FY2019



FY2018



During the financial year under review, the Group recorded a Loss Before Taxation ("LBT") of RM29.5 million (2018: LBT of RM24.4 million). The LBT was caused mainly by:

(a) Investment Holdings segment – LBT of RM22.4 million (2018: LBT of RM42.2 million)

In 2019, the LBT incurred by Investment Holdings segment included:

(i) A provision of RM5.1 million made for warranties claim by Zurich Insurance Company Ltd ("Zurich") against the balance consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful Berhad ("MAA Takaful")

(ii) Allowance for goodwill impairment of RM5.0 million from the acquisition of HCAT

(iii) Impairment loss of RM3.0 million on amounts due from associate company

These were set off by net fair value gains of RM4.6 million (2018: net fair value losses of RM24.5 million) and net realised gains of RM0.9 million (2018: gains of RM0.5 million) recorded by investments classified at fair value to profit or loss ("FVTPL").

(b) General Insurance business – LBT of RM1.5 million (2018: Profit Before Taxation ("PBT") of RM14.9 million)

In 2019, total Gross Premium Written ("GPW") grew by 12.4% to PHP2,193.3 million (RM175.7 million equivalent) (2018: PHP1,951.3 million (RM149.4 million equivalent)), driven mainly by increase in the production of both motor and non-motor classes of business. Notwithstanding this, MAAGAP has recorded a lower underwriting surplus of PHP128.0 million (RM10.1 million equivalent) compared to PHP375.9 million (RM28.8 million equivalent) in 2018, affected by higher combined claim ratio of 54.7% (2018: 38.8%) for motor and non-motor classes of business.

(c) Education Services business – LBT of RM2.6 million (2018: PBT of RM22,000)

The LBT of Education services business comprised of:

- Edumaax and Kasturi Academy Sdn Bhd ("Kasturi Group") – LBT of RM0.9 million (2018: PBT of RM22,000)
- SJI Group – PBT of RM100,000
- HCAT – LBT of RM1.8 million

During the financial year under review, staff costs (including Executive Directors) of the Group stood at RM21.1 million (2018: RM21.2 million). At MAAGAP entity level, its total staff costs (including executive directors) in 2019 increased by 5.7% compared to 2018 from annual salary increment with headcount remain at 211 (2018: 211) as at end December 2019; whereas the Investment Holdings segment recorded reduction in total staff costs (including executive directors) of 17.0% mainly due to no replacement of new chief executive officer/group managing director for MAAG after the said office was vacated in February 2019. The Education Services segment recorded higher total staff costs (including executive directors) of RM2.0 million subsequent to the acquisition of new subsidiaries namely SIB Group and HCAT on 31 October 2019.

In 2019, the Group recorded Other Comprehensive Profit (net of taxation) of RM6.0 million (2018: RM3.4 million), mainly due to net fair value gains of RM5.3 million on investments classified at fair value through other comprehensive income ("FVOCI") (2018: net fair value losses of RM4.0 million).

The Group's significant reportable operating business segments during the financial year under review are Investment Holdings, General Insurance and Education Services. The performance of each significant operating business segments are attached in pages 029 to 034 of the Management's Discussion and Analysis.

In 2019, the Group recorded a Loss Per Share of 11.4 sen (2018: Loss Per Share of 10.0 sen).

Review of Statements of Financial Position of the Group

Shown below the Statements of Financial Position:

	GROUP			
	FY2019		FY2018	
	RM'000	%	RM'000	%
Property, plant and equipment	9,931	1.2	4,105	0.5
Right-of-use assets	13,740	1.6	-	-
Investment properties	51,373	6.1	46,234	6.1
Intangible assets	786	0.1	658	0.1
Goodwill on business combinations	26,911	3.2	-	-
Deferred tax assets	2,261	-	2,045	0.3
Tax recoverable	227	0.3	177	-
Investments	285,996	34.1	239,473	31.6
Loans and receivables	526	0.1	28	-
Reinsurance assets	77,552	9.2	40,023	5.3
Insurance receivables	56,693	6.8	47,608	6.3
Deferred acquisition costs	19,435	2.3	17,447	2.3
Trade and other receivables	34,726	4.1	103,369	13.7
Retirement benefit assets	-	-	101	-
Liquid assets - fixed and call deposits and cash at banks	259,047	30.9	255,632	33.8
Total Assets	839,204	100.0	**756,900**	**100.0**
Total Liabilities	347,521	100.0	**223,382**	**100.0**
Net Assets	488,269		530,099	
Non-controlling interests	3,414		3,419	
Total Equities	491,683		**533,518**	

Total Assets

The Group's Total Assets stood higher at RM839.2 million as at 31 December 2019 (2018: RM756.9 million).

Below commentary on significant assets of the Group:

(i) Right-Of-Use ("ROU") Assets

ROU Assets consist mainly of leases for offices, tuition centers, school and college campus with remaining lease period of exceeding one year. These leases are recognised as ROU Assets after the adoption of MFRS 16 'Leases' effective for accounting period beginning 1 January 2019.

(ii) 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 increased by approximately 11.1% to RM51.4 million as at 31 December 2019 (2018: RM46.2 million), due mainly to properties acquired from settlement with insurance receivables.

(iii) Investments

The Group's Investments comprise of:

	GROUP			
	FY2019		FY2018	
	RM'000	%	RM'000	%
Investments at FVTPL				
- equity securities	93,020	32.5	101,309	42.3
- unit trusts	2,308	0.9	3,852	1.7
- derivatives	-	-	112	-
	95,328	33.4	105,273	44.0
Investments at FVOCI				
- government debt securities	52,150	18.2	38,669	16.1
- corporate debt securities	4,193	1.5	3,728	1.6
- equity securities	26,106	9.1	22,343	9.3
	82,449	28.8	64,740	27.0
Investments at amortised costs ("AC")				
- government debt securities	11,255	3.9	10,992	4.6
- corporate debt securities	96,714	33.8	58,468	24.4
- private trust funds	250	0.1	-	-
	108,219	37.8	69,460	29.0
Total Investments	**285,996**	**100.0**	**239,473**	**100.0**

The Asian stock markets were generally underperformed in most part of 2019 fuelled by trade war tension between China and US and the Brexit uncertainty until US and China reached a phase one trade deal in December. The benchmark FTSE Bursa Malaysia (FBM) KLCI and PSEI in the Philippines decreased 6.0% and 4.7% since the beginning of 2019. Arising from the underperformed markets, the Group recorded the following in the consolidated statement of profit or loss:

- net fair value losses total RM1.7 million (2018: losses of RM20.6 million) on equity securities quoted overseas
- net fair value gains total RM2.8 million (2018: losses of RM3.0 million) on equity securities quoted in Malaysia
- net fair value losses total RM1.2 million (2018: losses of RM5.3 million) on equity securities unquoted overseas

As at 31 December 2019, the total FVOCI reserve for Investments classified at FVOCI stood at a positive RM1.3 million (2018: negative RM4.0 million).

(iv) Liquid Assets - Fixed and Call Deposits and Cash at Banks

The Group's Liquid Assets comprised of:

	GROUP			
	FY2019		FY2018	
	RM'000	%	RM'000	%
Fixed and call deposits	231,784	89.5	177,175	69.3
Cash at banks	27,623	10.5	78,457	30.7
Total Fixed and call deposits and cash at banks	259,047	100.0	255,632	100.0

Liquid Assets of the Group was slightly higher at end December 2019 subsequent to the receipt of the balance sale consideration amounted to AUD1,540,990 from the disposal of CCA on 1 December 2019.

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

As at 31 December 2019, Insurance Receivables, Reinsurance Assets and Deferred Acquisition Costs stood at RM56.7 million (2018: RM47.6 million), RM77.6 million (2018: RM40.0 million) and RM19.4 million (2018: RM17.4 million) respectively. These assets were 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 2019, allowance for impairment loss stood at 0.6% of total Insurance Receivables, an improvement over 2.1% as at end December 2018.

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

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

The higher Reinsurance Assets and Deferred Acquisition Costs at end December 2019 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 RM347.5 million (2018: RM223.4 million) and RM491.7 million (2018: RM533.5 million) respectively as at 31 December 2019.

The increase in Total Liabilities as at 31 December 2019 was attributed mainly to higher Total Liabilities of MAAGAP and Education services business of RM300.3 million and RM36.6 million respectively.

On another note, the lower Equity/Shareholders' funds of the Group as at 31 December 2019 was driven mainly by the recorded Loss After Taxation of RM31.2 million, coupled with dividend payout total RM16.4 million for the financial year under review.

As at 31 December 2019, Net Assets per Share stood at RM1.79 (2018: RM1.94).

GROUP'S FINANCING, LIQUIDITY AND CAPITAL MANAGEMENT

As at 31 December 2019, the Group is in a healthy liquidity position with zero external borrowing.

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 and rewarding the shareholders.

As at 31 December 2019, 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.

DIVIDEND POLICY

During the financial year under review, the Company paid interim dividends at 6.0 sen (2018: 3.0 sen) per ordinary share total RM16.4 million (2018: RM8.2 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 businesses of the Group, reserve for new investment/business opportunities of the Company and lastly the minimum net worth requirement for insurance companies under the Insurance Code issued by the Insurance Commission of the Philippines.

ANTICIPATED OR KNOWN RISKS

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

The risks that most significantly affect the Group as a whole during 2019, 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 040 to 042.

OUTLOOK FOR 2020

Barring further uncertainties in external conditions like the Covid-19 outbreak, declining oil prices, the various trade negotiations and geopolitical risks as well as domestic factors, Bank Negara Malaysia expects the Malaysian economic growth, as measured by Gross Domestic Product ("GDP") at between -2% to 0.5%. Although, the global credit watcher Fitch Ratings has recently revised the Philippines economy outlook from the previous "stable" to "positive" for 2020, given its sound macroeconomic policy framework and progressive fiscal reforms, this has to be re-assessed against the COVID-19 situation and Manila lockdown.

Nevertheless, the Group expects the General Insurance business in the Philippines to continue with premium growth in 2020, albeit at a slower pace. Barring other unforeseen circumstances like natural disasters which Philippines is most vulnerable to and the market driven stock performance, the Group expects MAAGAP to improve its financial performance in 2020.

On another front, 2020 will be a challenging year for the Group's Education Services business. The Education Services' operating units namely Kasturi Group and the newly acquired SJI Group and HCAT will continue to intensify their marketing efforts to increase student enrolment, diversify program offerings and continue with cost control measures.

As part of its strategic move to expand income stream, the Group has towards third quarter of 2019 rolled out new lending business namely MAAC Micro Financing for individuals via subsidiary MAA Credit Berhad who is licensed under Moneylenders Act 1951 in Malaysia and SME business debt factoring business via subsidiary Maax Factor Sdn Bhd. These new businesses would enable the Group to fill in the gap under the existing traditional lending models in Malaysia. The Group will also focus to grow these new businesses in 2020.

The global economy outlook for 2020 has turned cautious with the Covid-19 (novel coronavirus) epidemic. The extent of disruption to Malaysia, Philippines and other global economies and the regional stock markets will be assessed against the government's economic stimulus packages and the duration of the situation.

PERFORMANCE BY OPERATING BUSINESS SEGMENTS

BUSINESS SEGMENT – INVESTMENT HOLDINGS

1) Business Operations Review

Investment Holdings comprised of the Company and subsidiaries, namely MAA Corporation Sdn Bhd, MAA International Group Ltd ("MAAIG"), MAA International Investments Ltd, MAA Capital Singapore Pte Ltd (formerly known as Columbus Capital Singapore Pte Ltd) and Scholastic IB International Sdn Bhd ("SIB") 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 in 2017.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2019	FY2018
Total Operating Revenue	9,909	9,247
Loss Before Taxation	(22,398)	(42,219)
Total Assets	338,796	434,950
Total Liabilities	9,883	8,949

Total Operating Revenue which comprised mainly of interest, dividend and rental income increased by 7.2% to RM9.9 million (2018: RM9.2 million) in FY2019. In terms of management expenses, the Investment Holdings segment recorded a slight increase in 2019 to RM22.0 million compared to 2018 of RM21.9 million. During the financial year under review, fixed and call deposits with licensed banks earned a weighted average effective interest rate at 4.01% (2018: 3.9%) per annum.

In 2019, the Investment Holdings segment recorded a lower LBT of RM22.4 million (2018: LBT RM42.2 million). Although it has recorded an improved investment return with a net fair value gains of RM4.6 million on investments classified at FVTPL compared to a net fair value loss of RM24.5 million in 2018, yet the LBT incurred during the financial year under review included:

- A provision of RM5.1 million made for warranties claims by Zurich against the Retained Consideration from the disposal of MAA Takaful
- Allowance for goodwill impairment of RM5.0 million from the acquisition of HCAT
- Impairment loss of RM3.0 million on amounts due from associate company
- Fair value losses of RM0.7 million (2018: losses of RM2.8 million) on investment properties

In previous year 2018, the LBT of RM24.4 million recorded by the Group was attributed mainly by:

- Net fair value losses of RM24.5 million on investments in equity securities classified at 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 losses 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 had out-weighted the following profits earned in 2018:

- A RM4.0 million reduction to the present value charge on the 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

At end December 2019, Total Assets stood lower at RM338.8 million (2018: RM434.9 million) where 63.9% 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 at RM9.9 million as at end December 2019 (2018: RM8.9 million).

3) Sustainability and Strategic Direction

The Investment Holdings segment has been continuing its efforts exploring investment opportunities to address the PN17 status of the Company under the Listing Requirements of Bursa Securities. Towards this end, Bursa Securities has given an extension of time till 30 April 2020 for the Company to submit PN17 regularisation plan. The Company will make announcement of the progress on this matter in due course. Moving in 2020, the Company will also look into action plans to reduce costs.

BUSINESS SEGMENT – GENERAL INSURANCE

1) Business Operations Review

The Group's General Insurance business in the Philippines held via subsidiary, MAAGAP 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 established a credible presence in the Philippines insurance sector and ranked 12th in terms of gross premium written among a total of 59 general insurance players in the Philippines 2019 Non-Life Insurance Ranking.

2) Financial Performance

Key financial performance

	FY2019		FY2018	
	PHP'000	RM'000	PHP'000	RM'000
Gross Premiums Written	2,193,273	175,671	1,951,286	149,433
Underwriting Surplus	127,987	10,064	375,913	28,822
Investment Income	127,714	10,236	95,367	7,313
(Loss)/Profit Before Taxation	(15,786)	(1,522)	191,100	14,861
Claim Ratio in %	54.7%	54.7%	38.8%	38.8%
Commission Ratio in %	33.1%	33.1%	33.7%	33.7%
Total Assets	4,962,786	399,404	3,941,049	309,770
Total Liabilities	3,731,433	300,307	2,717,576	213,606
Range of currency exchange rate	1 RM = 12.16 to 12.88 PHP		1 RM= 12.32 to 13.52 PHP	

In 2019, total Gross Premiums Written ("GPW") grew 12.4% to PHP2,193.3 million (RM175.7 million equivalent) (2018: PHP1,951.3 million (RM149.4 million equivalent)), driven mainly by increase in the production of both motor and non-motor classes of business. Motor classes recorded a 4.3% increase in GPW to PHP789.2 million (RM63.2 million equivalent) (2018: PHP756.8 million (RM57.9 million equivalent)); whilst non-motor classes registered a 17.5% increase in GPW to PHP1,404.1 million (RM112.5 million equivalent) (2018: PHP1,194.5 million (RM91.4 million equivalent)). The motor and non-motor businesses contributed 36.0% (2018: 38.8%) and 64.0% (2018: 61.2%) respectively of the total GPW in 2019. 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 estimate growth of 6.0% in 2019.

Nevertheless despite the GPW growth, MAAGAP has registered a LBT of PHP15.8 million (RM1.5 million equivalent) in 2019 from previously a PBT of PHP191.1 million (RM14.9 million equivalent) in 2018. During the financial year under review, the loss suffered by MAAGAP was attributed mainly to lower underwriting surplus of PHP128.0 million (RM10.1 million equivalent) caused by higher claim ratio of 54.7% in 2019, compared to the underwriting surplus of PHP375.9 million (RM28.2 million equivalent) in 2018 with claim ratio then of 38.8%. Both motor and non-motor classes recorded higher claim ratio of 55.7% (2018: 44.6%) and 53.5% (2018: 33.0%) respectively in 2019. The cause for the escalating claim ratio experienced in 2019 was mainly due to the abundant natural disasters namely typhoons and earthquake that hit Philippines during the year compared to 2018.

Notwithstanding the deteriorating claim experience, MAAGAP has registered improvement in investment performance with higher investment income and gains from disposal of investments totalling PHP158.3 million (RM12.6 million equivalent) (2018: PHP110.0 million (RM8.4 million equivalent)) and lower net fair value losses on investments classified at FVTPL of PHP53.7 million (RM4.3 million equivalent) (2018: PHP 68.2 million (RM5.0 million equivalent)) during the financial year under review. Also in FY2019, MAAGAP registered lower commission ratio of 33.1% (2018: 33.7%).

Management expenses of MAAGAP increased 9.5% in 2019 compared to 2018. Staff costs rose by 5.7% in 2019 due mainly to annual salary increment and hiring of senior officers to support its business growth.

As at end December 2019, MAAGAP has a higher total investible funds of PHP2,865.4 million (RM230.6 million equivalent)(2018: PHP2,509.3 million (RM197.2 million equivalent). These investible funds are the resources to support MAAGAP's business growth and operations including claims payment to insured. MAAGAP applies assets and liabilities matching in its investment policies, close credit monitoring of receivables and cash requirement projections to ensure sufficient liquid assets are held to meet its obligations.

Under the New Insurance Code issued by the Insurance Commission 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. MAAGAP met both the 2019 minimum Net Worth requirement of PHP990 million and also the RBC requirement in FY2019. The next and final Net Worth compliance requirement would be PHP1.3 billion (RM104.6 million equivalent based on year end PHP:RM exchange rate @ 31/12/2019) on 31 December 2022.

3) Sustainability and Strategic Direction

The Philippines remains one of the best performing economies in the Asian region in 2019. Underpinned by increase in government spending and monetary policy easing, the medium term economic outlook remains favourable in 2020 as the Philippines government continues with structural reform momentum. Against this back drop, the International Monetary Fund has projected Philippines economies to grow at 5.7% in 2019 and strengthen to 6.3% in 2020. In the Philippines insurance industry, the non-life insurance sector registered a growth of 12.98% in net premiums written in 2Q 2019 year-on-year compared to previous year corresponding period. Riding on these favourable economic and market conditions, MAAGAP is expected to continue with premium growth momentum moving into 2020 by focusing on expanding customer base and also distribution channels including digital marketing.

Barring unforeseen circumstances like the natural catastrophe risk in the Philippines with typhoons and earthquakes, MAAGAP would continue with claim management to actively monitor the performance of each line of business and at the same time deploy active management and monitoring of the performance of internally and outsourced investment funds in light of market uncertainties to improve generate positive returns.

Nevertheless, there remain downside risks to the Philippines macroeconomics in 2020 from the evolving COVID-19 outbreak, where the effects is still too early to evaluate at this stage.

BUSINESS SEGMENT – EDUCATION SERVICES

1) Business Operations Review

Education Services comprised of the following business units:

- Edumaax and Kasturi Academy Sdn Bhd ("Kasturi Group") – offer private tuition education for Malaysian National secondary school curriculum and Sijil Tinggi Persekolahan Malaysia ("STPM") curriculum
- SJI Group – offers International school secondary education and private tuition for Cambridge, IGCSE O-Level and A-Level program
- HCAT – offers tertiary education for certificates, diplomas, professional and post graduate degrees

2) Financial Performance

Overall Key financial performance

(Amount in RM'000)	FY2019	FY2018
Total Operating Revenue*	7,527	3,607
(Loss)/Profit Before Taxation	(2,580)	22
Total Assets	76,407	798
Total Liabilities	36,622	160

* *Total Operating Revenue consist mainly of tuition fee income*

Key financial performance by business units

(Amount in RM'000)				FY2019	FY2018
Business unit	Kasturi Group	**SJI Group	**HCAT	Total	Kasturi Group
Total Operating Revenue	3,249	2,623	1,655	7,527	3,607
(Loss)/Profit Before Taxation	(856)	100	(1,824)	(2,580)	22
Total Assets	43,374	21,953	11,080	76,407	798
Total Liabilities	6,024	21,706	8,892	36,622	160

** *Comprised of financial results for two (2) months – November 2019 and December 2019 after SJI Group and HCAT became subsidiaries of the Group on 31 October 2019.*

Financial performance by business unit:

(i) Kasturi Group

In 2019, Kasturi Group's Total Operating Revenue recorded a 9.9% decrease to RM3.2 million (2018: RM3.6 million), affected by reduction in the number of students enrolment. Corresponding to the lower tuition fee income and profit margin (net of direct costs), Kasturi Group has recorded a LBT of RM0.9 million (2018: PBT of RM22,000) during the financial year under review.

Total Assets base are not significant for Kasturi Group in view that it is a relatively capital light business. Kasturi Group's Total Assets at 31 December 2019 stood at RM43.4 million, higher than RM798,000 at 31 December 2018. The increase in Total Assets was mainly included a goodwill of RM26.6 million from the Acquisition of SIB.

Total Liabilities increased from RM160,000 as at 31 December 2018 to RM6.0 million mainly attributed by the recognition of lease liabilities of RM0.9 million from the adoption of new MFRS 16 on 1 January 2019 and a purchase consideration of RM5.0 million retained from the acquisition of SIB Group which is payable to the sellers upon them fulfilling the RM5.0 million profit guarantees for FYE 2019 and FYE 2020 cumulatively.

(ii) SJI Group

SJI Group became subsidiaries of the Group on 31 October 2019. For the two (2) months ended 31 December 2019, SJI Group recorded a Total Operating Revenue of RM2.6 million with a small PBT of RM100,00. This level of financial performance was within the expectation of the Group given that November and December 2019 were low periods for secondary schools with the year-end school holidays.

(iii) HCAT

Similarly HCAT also became a subsidiary of the Group on 31 October 2019. It recorded a Total Operating Revenue of RM1.7 million and a LBT of RM1.9 million for the two (2) months ended 31 December 2019. The loss included one-off property, plant and equipment written off of RM1.0 million arose from reorganisation of the college campus under a re-negotiated new tenancy with exclusion of excess floor area and lower rental rate that is cost beneficial to HCAT, coupled with year-end low periods.

3) Sustainability and Strategic Direction

The sustainability and strategic direction of each business unit under Education Services are as follow:

(i) Kasturi Group

Kasturi Group is licensed by the Ministry of Education, Malaysia ("MOE") with proper set up in terms of facilities and teaching faculty to operate private tuition business for secondary national school curriculum and STPM. Over the last few years Kasturi Group's performance in terms of student enrolment was affected by the following main factors:

- Immense market competition from the wide and numerous players in the crowded market space particularly the many non-registered individuals with low operating costs
- Changes in the Malaysian education landscape with the sprouting of home schools, private and international schools offering alternative curriculum
- 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 Group anticipates the operating environment for Kasturi Group will continue to remain competitive and challenging. In 2020, we have embarked and will continue with the following initiatives to improve the performance of Kasturi Group:

- Identify strategic locations to open new centres
- Carry out rationalisation exercise including closing down non-profitable centre
- Intensify marketing efforts via social media and e-marketing to improve students number
- Continue with cost control measures

(ii) SJI Group

SJI Group expands the Education Services segment of the Group with its business of operating International school secondary education and private tuition for Cambridge, IGCSE O-Level and A-Level. Over the last two (2) years, SJI's student enrolment has increased by 11.7% and 9.9% in 2018 and 2019 respectively. Moving into 2020, we believe SJI Group will continue on this growth momentum riding on its marketing and student recruitment drives.

To further expand its education services offering, SJI Group has in November 2019 obtained approval from MOE to operate Pre-school and Cambridge Primary school programs. With this new license, SJI has become a full-fledged education provider offering the complete programmes namely Pre-school, Cambridge Primary and Secondary and the A-Level. Against this back-drop, SJI has commenced student recruitment initiatives since November 2019 for the new Pre-school and Cambridge Primary programmes which are commencing in January 2020.

As we look to 2020, the current Cambridge secondary school programme of SJI Group would continue to grow its student population riding on its more affordable fee structure. On another note the Group recognises that as new start up the Pre-school and Cambridge Primary school programs may not immediately turn in profit given the anticipated gestation period.

(iii) HCAT

As an institution of higher learning, HCAT offers students the opportunity to pursue home-grown programs (Foundation Studies in both Arts and Science, and Diplomas in Business, Accountancy, Business Information Systems, Computer Science, Hotel Management, Electrical and Electronic Engineering, and Mechanical Engineering). HCAT has formed partnerships with a range of good overseas universities to conduct '3+0' programs, examples being the University of London, and Anglia Ruskin University.

There are also vocational and professional programs such as the Diploma in Culinary Arts with the outstanding Institute Paul Bocuse of France, and the accounting programs namely the Certified Accounting Technician and the Association of Chartered Certified Accountants of ACCA, UK.

During the past three (3) years, HCAT has not yet achieved operating breakeven affected by the following main factors:

- Cessation of the American 4-year Degree programme in 2017 due to the programme provider in US not able to obtain its local authority approval to continue to provide its program arrangement with HCAT, thereby the drop in fee income from this segment

- HCAT having to compete internally with its previous related companies under the HELP International Corporation Berhad for student recruitment which was unavoidable. HELP group of companies are involved in education business which includes HELP University and HELP Academy. Most student recruitment campaigns and road shows of HCAT were conducted and held together with HELP University and HELP Academy where the programmes offered did not vary much

- High operating expenses in particular campus rent and support staff related expenses which made up of 58% and 21% of HCAT's total operating costs

In its rationalisation exercise for HCAT, the Group's turnaround plans include among others the following:

- Initiate cost-cutting measures which include reduction in campus rental rate and transfer of identified excess support staff to HELP group etc

- Intensify targeted marketing initiatives to grow both local and foreign students' enrolment. As part of synergy effort within the Group, Kasturi Group and SJI Group will work very closely with HCAT to provide the pool of students leaving the government school system (after SPM and STPM), IGCSE O-level and A-Level who are entering the next level of higher education

- Launch new course/programme of study like America Degree programme which is popular among Malaysian students and also other unique degree programs

Moving into 2020, HCAT aims to complete the turnaround plans to grow awareness around the college and increase student enrolment to improve its performance.

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 2019 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 2019, 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 six (6) times in 2019 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. 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 2019, 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 six (6) times during the financial year ended 31 December 2019 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 2019 are as follows:

Members of the Board	Meeting Attendance
Tunku Dato' Yaacob Khyra (Chairman)	6/6
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/6
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	6/6
Dato' Narendrakumar Jasani A/L Chunilai Rugnath	6/6
Datin Seri Raihanah Begum binti Abdul Rahman	4/6
Yeo Took Keat	6/6
Onn Kien Hoe (resigned on 2.1.2020)	6/6

The programmes or forums attended by Directors include the following:

Members of the Board	Trainings Attended
Tunku Dato' Yaacob Khyra (Chairman)	• Board Training in Anti-Corruption Legislation and Regulations • Bahrain Institute of Banking & Finance – Digitalization
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• Board Training in Anti-Corruption Legislation and Regulations • MICG – Seminar on Corporate Governance Compliance Expectations – Better Reporting Integrity, Transparency and Accountability
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	• Board Training in Anti-Corruption Legislation and Regulations • MICG – Members' Breakfast Talk on Whistleblowing from a Practitioners' View Point
Dato' Narendrakumar Jasani A/L Chunilai Rugnath	• Grant Thornton – APAC Conference in Kuala Lumpur • National Tax Conference 2019 • Seminar on Corporate Liability – Section 17A of MACCA 2018 • Grant Thornton – Industry4WRD Seminar Grants, Incentives and Financing Solutions • MIA International Accountants Conference 2019 • Grant Thornton – 2019 Global Conference • CTIM – 2020 Budget Seminar
Datin Seri Raihanah Begum binti Abdul Rahman	• Cyber Security in the Boardroom – Accelerating from Acceptance to Action • MICG – Members' Breakfast Talk on Whistleblowing from a Practitioners' View Point
Yeo Took Keat	• Board Training in Anti-Corruption Legislation and Regulations
Onn Kien Hoe	• National Tax Conference 2019 • Seminar on Corporate Liability – Section 17A of MACCA 2018

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 six (6) members as at the date of this Annual Report, of whom four (4) are Independent Non-Executive Directors. Mr Onn Kien Hoe has resigned as director effective 2 January 2020. 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.

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 2019 is set out below:

Name	Salary RM'000	Bonus RM'000	Benefits in Kinds* RM'000	Fees RM'000	Meeting Allowance RM'000	Others** RM'000	Total RM'000
Executive Directors							
Tunku Dato' Yaacob Khyra	1,678	280	28	4 (N)	2 (N)	313	2,305
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	265	44	7	-	-	82	398
Datuk Muhamad Umar Swift (resigned on 8.2.2019)	276	515	5	-	-	121	917
TOTAL	2,219	839	40	4	2	516	3,620
Non-Independent Non-Executive Directors							
Yeo Tock Keat (appointed as Independent Director on 2.1.2020)	-	46	-	82	18	7	153
TOTAL	-	46	-	82	18	7	153
Independent Non-Executive Directors							
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	-	-	-	61	30	-	91
Ong Kien Hoe (resigned on 2.1.2020)	-	-	-	82	33	-	115
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	-	-	-	61	28	-	89
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	61	23	-	84
TOTAL	-	-	-	265	114	-	379
GRAND TOTAL	**2,219**	**885**	**40**	**351**	**134**	**523**	**4,152**

* Benefits in kind included 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.

Other Bursa Securities Compliance Information

1. Status Of Utilisation Of Proceeds Raised From Corporate Proposals

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

(a) Disposal of MAA Takaful Berhad ("MAA Takaful") on 30 September 2016

	Purpose	Revised Utilisation	Actual Proceeds Received	Revised Timeframe For Utilisation	Deviations	Explanations (if the deviation is 5% or more)	Actual Utilisation	Revised Remaining Unutilised Proceeds
		RM'000	RM'000		RM'000		RM'000	RM'000
(i)	Future investment opportunity(ies)/ Prospective new business(es) to be acquired [N4]	68,250	68,250	Within 24 months from the EGM held on 5 June 2018	(51,673)	Refer to Note A	-	16,577
		93,750	[N2] 88,623	Within 24 months from the receipt of the Retained Consideration on 1 July 2019	-	-	-	88,623
(ii)	Working capital and share buy-back exercise	30,854	30,854	Within 24 months from the EGM held on 5 June 2018	13,381	Refer to Note A	44,235	-
(iii)	Payment of dividends to shareholders for the FYE 2017	8,207	8,207	Utilised	-	-	8,207	-
(iv)	Payment of dividends to shareholders	32,822	32,822	Within 24 months from the EGM held on 5 June 2018	-	-	16,411	16,411
(v)	Acquisition of new businesses/ investments	-	-	By mid-June 2021	38,292	Refer to Note A	33,292	[N3] 5,000
	Total	[N1] 233,883	228,756		-	-	102,145	126,611

[N1] Revised utilisation approved by the shareholders during the EGM held on 5 June 2018.

[N2] Of the RM93,750,000 balance sale consideration of MAA Takaful retained by Zurich Insurance Company Ltd ("Zurich"), the Company received RM88,623,399.52 from Zurich on 1 July 2019 net of Zurich's claims of RM5,126,600.48.

[N3] RM5.0 million of the purchase consideration for SIB and its subsidiaries has been withheld by the Company pending fulfillment of RM5.0 million profit guarantees for financial years ended 31 December 2019 and ending 31 December 2020 cumulatively by the sellers.

[N4] As disclosed in the Circular to Shareholders in relation to the disposal of MAA Takaful dated 6 June 2016, the actual proceeds of RM156.8 million is allocated for the Company to acquire future investment opportunity(ies)/prospective new business(es) to enhance its earning profile, regulate its financial conditions and address the PN17 status.

1. Status Of Utilisation Of Proceeds Raised From Corporate Proposals (continued)

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

(a) Disposal of MAA Takaful on 30 September 2016 (continued)

Note A
Deviations from the utilisation of MAA Takaful Sale Proceed as at 31 December 2019 consist of:

	Utilisation	Amount RM'000	% of Deviation	Explanations (if the deviation is 5% or more)
(i)	Payment of purchase consideration of HCAT to appointed lawyers of the Company and Seller as stakeholders pending approval from Ministry of Education	5,500	1.51%	The purchase of HCAT, SIB and its subsidiaries will enable the Group to expand the existing education business segment from tuition centre education to secondary and tertiary education
(ii)	Payment of purchase consideration of SIB and its subsidiaries	27,000	7.41%	
(iii)	Subscription of additional shares in Altech Chemicals Ltd ("Altech")	5,792	1.59%	Opportunity to participate in the future growth of Altech's high purity alumina ("HPA") plant project in Malaysia as well as to enjoy potential capital appreciation in the investment value upon operation of the HPA plant
(iv)	Working capital for:			
	(a) New factoring business	10,581	2.90%	Working capital allocated to commence new factoring business
	(b) Others	2,800	0.77%	General working capital
	Total	51,673	14.18%	

(b) Disposal of Columbus Capital Pty Limited ("CCA") on 27 December 2018

	Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe For Utilisation	Deviation RM'000	Explanations (if the deviation is 5% or more)
(i)	Future investment opportunity(ies)/Prospective new business(es) to be acquired	58,482	(N5)14,499	No time limit specified	-	-
	Total	58,482	14,499		-	-

(N5) Acquisition of a loan secured by mortgage which was valued approximately 2.5 times above the debt.

2. Audit and Non-Audit Fees

During the financial year ended 31 December 2019, the following audit and non-audit fees were incurred for services rendered by the external auditors or a firm or corporation affiliated to them:

(a) Audit fees paid or payable to external auditors by the Group and the Company amounted to RM532,000 and RM288,000 respectively.

(b) Non-audit fees paid to external auditors or a firm or corporation affiliated to them by the Group and the Company amounted to RM33,700 and RM7,000 respetively.

3. Material Contracts

There were no material contracts entered into by the Group which involved the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or if not then subsisting, entered into since the end of the previous financial year.

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 minimise identified risks.

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

From time to time, the Board receives assurances from the Executive Chairman and Group Chief Operating Officer 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 2019. The attendance record of the members were as follows:

Name of Committee Members	Total Meetings Attended
Dato' Narendrakumar Jasani A/L Chunilai Rugnath (Chairman)	4/4
Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan	4/4
Datin Seri Raihanah Binti Abdul Rahman	4/4
Onn Kien Hoe (resigned on 2.1.2020)	4/4
Yeo Took Keat (appointed on 2.1.2020)	Not Applicable

During RSC meetings, the members were engaged in active discussions with the Financial Services Department ("FSD") and Deloitte Risk Advisory Sdn Bhd ("Deloitte") on risk management matters affecting the Group and its operations. The emphasis during the year was on the operations in Malaysia. Risk review was conducted by Deloitte on MAAG and its subsidiaries and presented to the RSC and the Board.

GROUP AUDIT AND RISK

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

To ensure greater awareness of managing risks amongst the work-force so that it becomes embedded into the work culture, 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.

Adequate Procedures

Pursuant to Section 17A under the Malaysian Anti-Corruption Commission Act 2009, the Company's Anti-Corruption policies will be established in line with the Guidelines on Adequate Procedures issued by the Prime Minister Department on 4 December 2018.

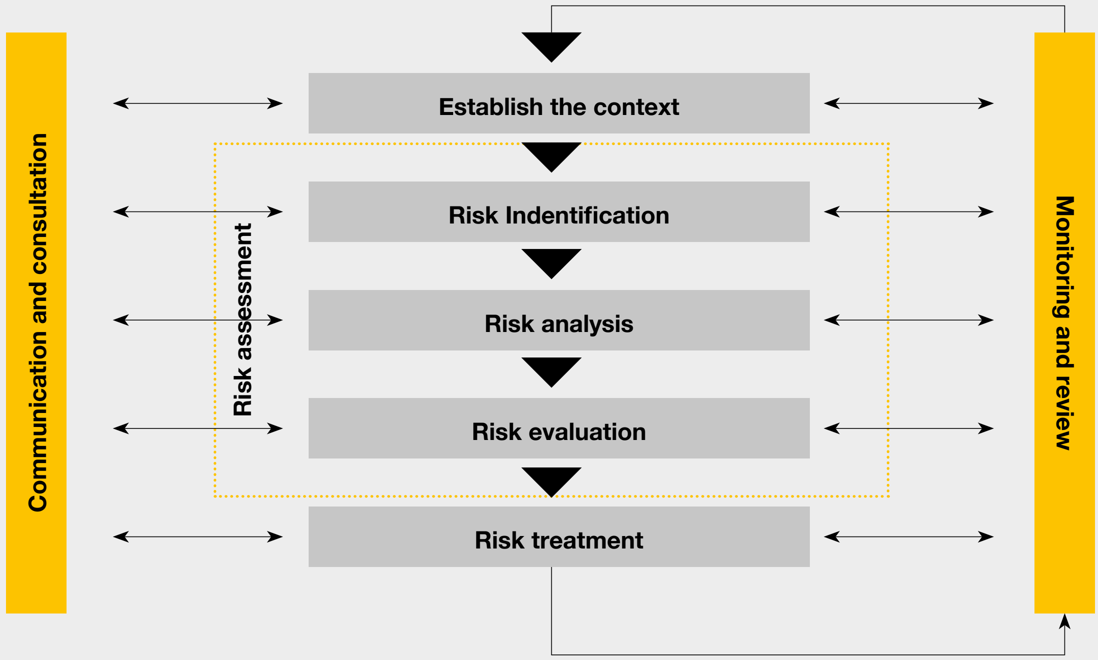
INTERNAL CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

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 FSD. 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 FSD 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 by all staff for reference purposes through a system based portal.

- The Executive Chairman chaired the various EXCO meetings attended by 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 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 EXCO 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 Executive Chairman for endorsement and adoption.

- An 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 FSD 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 and Executive Committee.

- A well-defined organisational structure with clear segregation of duties, accountabilities and responsibilities between Senior Management and Division/Department Heads including appropriately formalised 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 2019.

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 Mr Yeo Took Keat who replaced Mr Onn Kien Hoe. Mr Onn Kien Hoe resigned as AGC on 2 January 2020.

The details of members and their respective attendance record at meetings held during the financial year ended 31 December 2019 are as follows:

Name of Committee	No. of Meetings Attended
Yeo Took Keat (Chairman – appointed 2.1.2020)	Not applicable
Onn Kien Hoe (Chairman – resigned 2.1.2020)	5/5
Dato' Narendrakumar Jasani A/L Chunilai Rugnath	5/5
Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan	5/5
Datin Seri Raihanah Binti Abdul Rahman	4/5

The newly appointed Chairman of the AGC, Mr Yeo Took Keat is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of 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 Group Chief Operating Officer and Group Chief Financial Officer 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 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 Company's website.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2019, 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
27 February 2019	Unaudited fourth quarter results for the period ended 31 December 2018
11 April 2019	Audited Financial Statements for the year ended 31 December 2018
29 May 2019	Unaudited first quarter results for the period ended 31 March 2019
29 August 2019	Unaudited second quarter results for the period ended 30 June 2019
27 November 2019	Unaudited third quarter results for the period ended 30 September 2019

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 2018 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 financial year were in relation to PN17 status and compliance with Listing Requirements of Bursa Securities. 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 2020 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 27 February 2019 and 27 November 2019 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 the operating entity in the Philippines (who have a different External Auditor) 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.

AUDIT & RISK

The AGC is supported by Financial Services Department ("FSD") which collaborates with the outsourced service providers in discharging the internal audit role for the Group and its principal operating subsidiaries.

A Senior Manager with 18 years of internal audit experience, and also a member of The Malaysian Institute of Accountants and Institute of Internal Auditors is in charge of the collaboration with the outsourced service providers. 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 MAA General Assurance Philippines, Inc ("MAAGAP") is conducted by Deloitte Philippines.

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 2019 was RM472,000 compared to RM496,000 in FY2018.

Audit review was conducted on the area of Information Technology Governance ("IT"), Financial Reporting, Month-end Closing, Management Accounting, Recurrent Related Party Transactions, Strategy Investment and Business Acquisition for MAA Group and procurement and payment management for Kasturi Academy Sdn Bhd and Edumaax Sdn Bhd. The audit on Finance section and Strategy Investment were rated as satisfactory. No high risk issues were noted in the IT and procurement audit. For IT audit, issues highlight were on enhancement on the Disaster Recovery Exercise, Access Security Processes, User Identification, Data Centre and Network Operation. For Procurement and Payment audit, issues highlighted were on enhancements to the goods purchase procedures and improvement to service provider management. The internal audit of MAAGAP is focussed on Revenue Assurance and Collection. Issues that require attention were on enhancement of Information System and policies and procedures. Management has taken steps to address all recommendations provided by the auditors.

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

MAA Group Berhad ("MAAG") is proud to present our Sustainability Report for the financial year ended on 31 December 2019. Recognising the ever-increasing relevance of sustainability in our business value, our statement aims to make the three pillars of Economic, Environmental and Social ("EES") concerns key parts of our business operations. 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.

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.

This Sustainability Statement is structured into four (4) sections. The first section gives an overview of our reporting approach, scope and boundaries and the sustainability governance. The second section sets out the stakeholder engagement in deriving the material concerns while the third section records the process that we have undertaken to identify and prioritise the material matters. The fourth section reports on MAAG's practices and performance in managing the material sustainability matters.

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

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 2019 to 31 December 2019.

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

The responsibility to promote sustainability in MAAG's business strategies lie with the Board of Directors. To be in line with Recommendation 1.4 of the Malaysia Code on Corporate Governance 2012, 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.

MAAG's sustainability governance structure is as follow:

Feedback

Should you have any input or feedback on our Sustainability Report, please direct your correspondence to:

Name : Anand Kanagasingam
Email : anand@maa.my
Telephone : +603 6256 8000
Address : MAA Group Berhad
13th Floor, No. 566, Jalan Ipoh
51200 Kuala Lumpur, Malaysia

Sustainability Statement (continued)

Stakeholder Engagement

MAAG places great emphasis on understanding the needs and concerns of our stakeholders. We are committed to providing shareholders, regulators and employees with comprehensive, accurate and timely disclosure of information relating to the Group. Our stakeholders have been segmented into seven key groups, allowing us to ascertain the needs and requirements of each segment. The table below illustrates our current 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 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

Our corporate website, www.maa.my provides reliable information on our business activities as well as financial information, including our annual report. Information in our website is updated regularly, as part of our commitment to provide current and accurate information to all our stakeholders as well as the public at large.

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.

The key issues prioritised and determined are as follow:

Material Sustainability Matters
1. GRI 201-1: Economic Performance
2. GRI 205-3: Anti-corruption
3. GRI 401-1: Employment
4. GRI 419-1: Socioeconomic Compliance

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 the last quarter of 2019, the Group has strengthened its presence in the education industry by acquiring HELP College of Arts and Technology Sdn Bhd and Scholastic IB International Sdn Bhd.

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.

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 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 can result in serious ramifications; from criminal sanctions, to 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 continue to remain vigilant in upholding any and all applicable local and international laws that apply to our business.

At MAAG, we have established an anti-fraud framework, Enterprise Risk Management ("ERM") mechanism and whistle-blowing policy that govern all our subsidiaries. Operations that cross over from Malaysian boundaries are subjected to additional international regulations which are fully complied with. To ensure that corrupt practices are discouraged, MAAG conducts training on relevant procedures for dealing with corrupt practices.

In line with the requirement under Section 17A under the Malaysian Anti-Corruption Commission Act 2009, the Company will establish its Anti-Corruption policy in line with the Guidelines on Adequate Procedures issued by the Prime Minister Department on 4 December 2018, of which, management and employees must adhere to.

The Compliance division manages the implementation of all internal training and reporting processes to the management and Board of Directors. Any incident related to financial corruption will be under the purview of our external auditors, while on an operational level, our internal audit processes are in place to ensure any wrongdoing is properly dealt with.

In 2019, 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 uncovered or reported.

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 our employees. Their performance, commitment and loyalty to the job are critical not only in achieving the company's goal and objectives, but more importantly, for our long-term survival and sustainability.

The employment process at MAAG is managed by our Group Human Resources ("GHR") Department, with the Head of GHR reporting directly to the Executive Chairman. Crucial and important details are reported to the Remuneration and Nomination Committee ("RNC"); made up of members of the Board of Directors. GHR prepares a comprehensive report detailing the turnover rate for the RNC annually.

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

In enhancing learning and retention of local talents, it is our practice to offer practical training to undergraduates who are required to fulfill their training requirements. On the job training provides opportunities for trainees to gain insight of our corporate culture, our processes and our operations.

We are constantly nurturing the skills and knowledge of our employees. Staff are encourage to participate in inhouse or external training to enhance their skills and productivities.

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 has achieved growth in the market share through an increased volume of our branch operations. We have solidified and expanded our relationship with the relevant government agencies relating to insurance companies' operations. Our commitment and performance, particularly in the settlement of claims, assists in shaping and stabilising of the local industry, resulting in a more competitive market.

The insurance business in the Philippines is one that is very competitive and strictly regulated. To transact in this competitive insurance environment and at the same time, maintain our position as a dominant player in the market, maintaining MAAGAP's operating license is vital. MAAGAP ensures adherence to the Insurance Commission's regulation via its Certificate of Authority as proof of compliance in all areas required by law.

An ISO management Team, designated by the President and CEO of MAAGAP, is in place to manage our operations and policy compliance. This safeguards 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 monitors due processes and report grievances to ensure that violations against the Company's Code of Conduct are zero in nature, or at least, kept to a minimum.

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.

There were no sanctions of non-compliance with the laws and regulations that resonates with anti-bribery or corruption and anti-competition law within financial year 2019.

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 2019.

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
Yeo Took Keat
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Tunku Dato' Ahmad Burhanuddin bin Tunku Datuk Seri Adnan
Datin Seri Raihanah Begum Binti Abdul Rahman
Onn Kien Hoe (resigned on 2 January 2020)

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 8 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 48 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	(31,217)	(26,166)
- Non-controlling interests	(45)	-
Net loss for the financial year	(31,262)	(26,166)

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.

TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed at the Annual General Meeting on 29 May 2019 approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buy-back plan can be applied in the best interest of the Company and its shareholders.

During the financial year ended 31 December 2019, the Company purchased a total 211,400 ordinary shares of its issued share capital from the open market at an average price of RM0.83 per share. The total purchase consideration paid for the share buy-back including transaction costs amounted to RM174,865 and were financed by internally generated funds. The shares purchased were held as treasury shares in accordance with the Companies Act 2016 and carried at purchase cost.

On 2 December 2019, the Company cancelled the whole 211,400 treasury shares in accordance with the Companies Act 2016.

As at 31 December 2019, there were no treasury shares held by the Company. Further information on treasury shares is disclosed in Note 23 to the financial statements.

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 32 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 1.1.2019**	**Acquired**	**Disposed**	**At 31.12.2019**
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 6 sen per ordinary share under the single-tier dividend system in respect of the current financial year ended 31 December 2019 totaling RM16,411,065 on 20 August 2019.

The Directors do not propose any final dividend for the financial year ended 31 December 2019.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 40 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 current 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 RM227,000 and RM152,000 respectively.

There were no indemnity given to, or insurance effected for auditors of the Group and the Company during the current 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 allowance 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.

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; 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, except the significant subsequent event as disclosed in Note 48(i) to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 8 to the financial statements.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Significant events during and after the financial year are disclosed in Note 48 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 32 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 12 May 2020. Signed on behalf of the Board of Directors:

TUNKU DATO' YAACOB KHYRA
DIRECTOR

YEO TOOK KEAT
DIRECTOR

Kuala Lumpur

Statement By Directors Pursuant To Section 251(2) Of The Companies Act 2016

We, Tunku Dato' Yaacob Khyra and Yeo Took Keat, two of the Directors of MAA Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 62 to 191 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 2019 and financial performance of the Group and of the Company for the financial year ended 31 December 2019 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 May 2020.

TUNKU DATO' YAACOB KHYRA
DIRECTOR

YEO TOOK KEAT
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 62 to 191 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 12 May 2020.

Before me:

COMMISSIONER FOR OATH

Independent Auditors' Report
To The Members Of MAA Group Berhad

(Incorporated In Malaysia)
(Registration No. 199801015274 (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 2019, 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 2019 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 62 to 191.

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 financial 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.

Independent Auditors' Report
To The Members Of MAA Group Berhad (continued)
(Incorporated In Malaysia)
(Registration No. 199801015274 (471403-A))

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")	
Refer to: - Note 48(a) of the financial statements. 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 5 May 2020 for an extension of time up to 31 October 2020.	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 explaining the status of the Company's regularisation plan.
Impairment testing of goodwill	
Refer to: - Accounting policy Notes 2.6 and 2.9; - Critical accounting estimate Note 3(e); and - Notes 31 and 37 of the financial statements. As required by MFRS 136, an impairment assessment is performed on the goodwill arising from the acquisition of HELP College of Arts and Technology Sdn Bhd ("HCAT") and Scholastic IB International Sdn Bhd ("SIB"). Recoverable amount of the cash generating unit ("CGU") is computed as the higher of value in use ("VIU") or fair value less costs of disposal. We focused on this area due to the size of the carrying amount of the goodwill, which represents 3.2% of total assets and because significant estimates were made about the future cash flows and discount rate used in arriving at the VIU.	We tested the impairment assessment of the goodwill by performing the following procedures: • Assessed the reasonableness of the cash flow projections; • Assessed the reasonableness of the discount rates which reflects the specific risk related to the CGU; • Evaluated the reasonableness of growth rates beyond three years ("terminal growth rate") based on economic outlook and industry forecasts; and • Performed sensitivity analysis over terminal growth rates and discount rates used in the determination of VIU cash flows to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of the CGU.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Insurance contract liabilities of subsidiary, MAA General Assurance Philippines, Inc. ("MAAGAP") Refer to: - Accounting policy Note 2.31; - Critical accounting estimate Note 3(a); and - Notes 18 and 44 of the financial statements The Group's insurance contract liabilities as at 31 December 2019 amounted to RM139 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.

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, Financial Highlights, Management's Discussion and Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Audit Committee Report, Directors' Report, and other contents in the annual report, but 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.

Independent Auditors' Report
To The Members Of MAA Group Berhad (continued)
(Incorporated In Malaysia)
(Registration No. 199801015274 (471403-A))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

Independent Auditors' Report
To The Members Of MAA Group Berhad (continued)

(Incorporated In Malaysia)

(Registration No. 199801015274 (471403-A))

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 8 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
03252/05/2022 J
Chartered Accountant

Kuala Lumpur
12 May 2020

Statements Of Financial Position
As At 31 December 2019

	Note	GROUP 31.12.2019 RM'000	GROUP 31.12.2018 RM'000	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
ASSETS					
Property, plant and equipment	4	9,931	4,105	902	1,241
Right-of-use assets	5(a)	13,740	-	389	-
Investment properties	6	51,373	46,234	28,480	28,480
Intangible assets	7	786	658	51	93
Subsidiaries	8	-	-	141,000	109,000
Goodwill on business combination	37	26,911	-	-	-
Associates	9	-	-	-	-
Deferred tax assets	10	2,261	2,045	-	-
Tax recoverable		227	177	-	-
Investments		285,996	239,473	49,095	40,319
At fair value through profit or loss ("FVTPL")	11(a)	95,328	105,273	49,095	40,319
At fair value through other comprehensive income ("FVOCI")	11(b)	82,449	64,740	-	-
At amortised cost ("AC")	11(c)	108,219	69,460	-	-
Loans and receivables	12	12,328	4,528	15	15
Reinsurance assets	13	77,552	40,023	-	-
Insurance receivables	14	56,693	47,608	-	-
Deferred acquisition costs	15	19,435	17,447	-	-
Trade and other receivables	16	34,726	103,369	14,979	94,333
Retirement benefit asset	21	-	101	-	-
Cash and cash equivalents	17	247,245	251,132	158,457	162,227
TOTAL ASSETS		839,204	756,900	393,368	435,708
EQUITY AND LIABILITIES					
LIABILITIES					
Insurance contract liabilities	18	216,589	149,233	-	-
Lease liabilities	5(b)	13,718	-	402	-
Deferred tax liabilities	10	831	748	95	129
Insurance payables	19	22,676	13,580	-	-
Deferred reinsurance commissions	15	908	833	-	-
Trade and other payables	20	91,186	56,436	3,095	3,051
Retirement benefit liability	21	1,358	-	-	-
Current tax liabilities		255	2,552	-	-
TOTAL LIABILITIES		347,521	223,382	3,592	3,180
EQUITY					
Share capital	22	304,354	304,354	304,354	304,354
Retained earnings	24	188,396	236,931	85,422	128,174
Reserves	24	(4,481)	(11,186)	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		488,269	530,099	389,776	432,528
Non-controlling interests ("NCI")	8	3,414	3,419	-	-
TOTAL EQUITY		491,683	533,518	389,776	432,528
TOTAL EQUITY AND LIABILITIES		839,204	756,900	393,368	435,708

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

Statements Of Profit Or Loss
For The Financial Year Ended 31 December 2019

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Gross earned premiums	25	166,121	148,461	-	-
Premiums ceded to reinsurers	25	(59,193)	(44,440)	-	-
Net earned premiums		106,928	104,021	-	-
Investment income	26	4,408	3,851	992	607
Interest income	27	15,967	12,683	6,619	7,278
Realised gains and losses	28	3,198	(3,337)	776	523
Fair value gains and losses	29	(398)	(32,379)	5,355	(20,693)
Commission income	15	2,284	2,448	-	-
Other operating revenue from non-insurance businesses	30	7,904	4,246	560	719
Other operating (expenses)/income - net	31	(16,660)	2,923	(22,217)	(8,131)
Other revenue/(expenses)		16,703	(9,565)	(7,915)	(19,697)
Total revenue/(expenses)		123,631	94,456	(7,915)	(19,697)
Gross claims paid		(54,430)	(48,972)	-	-
Claims ceded to reinsurers		14,318	6,040	-	-
Gross change to contract liabilities		(54,282)	(2,020)	-	-
Change in contract liabilities ceded to reinsurers		35,800	4,604	-	-
Net claims incurred		(58,594)	(40,348)	-	-
Commission expenses	15	(40,554)	(37,299)	-	-
Management expenses	32	(53,745)	(45,869)	(18,233)	(18,246)
Finance costs	33	(263)	(9)	(45)	-
Other expenses		(94,562)	(83,177)	(18,278)	(18,246)
Share of profit of associates, net of tax	9	-	4,696	-	-
Loss before taxation		(29,525)	(24,373)	(26,193)	(37,943)
Taxation	34	(1,737)	(2,965)	27	25
Loss for the financial year		(31,262)	(27,338)	(26,166)	(37,918)
Loss for the financial year attributable to:					
- Owners of the Company		(31,217)	(27,457)	(26,166)	(37,918)
- NCI		(45)	119	-	-
		(31,262)	(27,338)	(26,166)	(37,918)
Basic loss per ordinary share attributable to owners of the Company (sen)		(11.42)	(10.04)		

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

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2019

		GROUP		COMPANY	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Loss for the financial year		(31,262)	(27,338)	(26,166)	(37,918)
Other comprehensive income/(loss):					
<u>Items that may be reclassified to profit or loss:</u>					
Foreign currency translation differences	24	1,413	6,975	-	-
Net fair value gains/(losses) on debt securities at FVOCI	24	4,758	(2,876)	-	-
		6,171	4,099	-	-
<u>Items that will not be reclassified to profit or loss:</u>					
Net fair value gains/(losses) on equity securities at FVOCI	24	534	(1,077)	-	-
Remeasurements (loss)/gain on retirement benefit plan	21	(732)	346	-	-
		(198)	(731)	-	-
Other comprehensive income for the financial year, net of tax		5,973	3,368	-	-
Total comprehensive loss for the financial year		(25,289)	(23,970)	(26,166)	(37,918)
Total comprehensive loss for the financial year attributable to:					
- Owners of the Company		(25,244)	(24,089)	(26,166)	(37,918)
- NCI		(45)	119	-	-
		(25,289)	(23,970)	(26,166)	(37,918)

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

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2019

GROUP

		Attributable to owners of the Company								
		Issued and fully paid ordinary shares		Treasury shares						
	Note	Number of shares	Share capital	Number of shares		Retained earnings	Reserves	Total	NCI	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019		273,518	304,354	-	-	236,931	(11,186)	530,099	3,419	533,518
Loss for the financial year	24	-	-	-	-	(31,217)	-	(31,217)	(45)	(31,262)
Other comprehensive (loss)/income for the financial year	24	-	-	-	-	(732)	6,705	5,973	-	5,973
Total comprehensive (loss)/income for the financial year		-	-	-	-	(31,949)	6,705	(25,244)	(45)	(25,289)
Share buy-back	23	-	-	(211)	(175)	-	-	(175)	-	(175)
Cancellation of treasury shares	23	(211)	-	211	175	(175)	-	-	-	-
Interim dividends paid	35	-	-	-	-	(16,411)	-	(16,411)	-	(16,411)
Transactions with NCI	37	-	-	-	-	-	-	-	40	40
At 31 December 2019		273,307	304,354	-	-	188,396	(4,481)	488,269	3,414	491,683
At 1 January 2018		273,518	304,354	-	-	272,248	(14,208)	562,394	3,300	565,694
Loss for the financial year	24	-	-	-	-	(27,457)	-	(27,457)	119	(27,338)
Other comprehensive income for the financial year	24	-	-	-	-	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	35	-	-	-	-	(8,206)	-	(8,206)	-	(8,206)
At 31 December 2018		273,518	304,354	-	-	236,931	(11,186)	530,099	3,419	533,518

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2019
(continued)

COMPANY

		Non-distributable				Distributable	
		Issued and fully paid ordinary shares		Treasury shares			
	Note	Number of shares	Share capital	Number of shares		Retained earnings	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000
At 1 January 2019		273,518	304,354	-	-	128,174	432,528
Total comprehensive loss for the financial year	24	-	-	-	-	(26,166)	(26,166)
Share buy-back	23	-	-	(211)	(175)	-	(175)
Cancellation of treasury shares	23	(211)	-	211	175	(175)	-
Interim dividends paid	35	-	-	-	-	(16,411)	(16,411)
At 31 December 2019		273,307	304,354	-	-	85,422	389,776
At 1 January 2018		273,518	304,354	-	-	174,298	478,652
Total comprehensive loss for the financial year	24	-	-	-	-	(37,918)	(37,918)
Interim dividends paid	35	-	-	-	-	(8,206)	(8,206)
At 31 December 2018		273,518	304,354	-	-	128,174	432,528

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

Statements Of Cash Flows
For The Financial Year Ended 31 December 2019

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000
OPERATING ACTIVITIES			
Loss for the financial year		(31,262)	(27,338)
Adjustment for:			
Investment income	26	(4,408)	(3,851)
Interest income	27	(15,967)	(12,683)
Realised gains and losses	28	(3,198)	3,337
Fair value gains and losses	29	398	32,379
Property, plant and equipment written off	31	1,036	1
Allowance for impairment loss on investments at AC	31	403	105
Allowance for impairment loss on investments at FVOCI	31	5	5
Allowance for impairment loss on loans from money lending, hire purchase and other credit facilities	31	506	-
Allowance for impairment loss on amounts due from associates	31	2,998	-
Allowance for impairment loss on fixed and call deposits	31	-	1
Write back of impairment loss on cash and cash equivalents	31	(31)	(14)
Realised foreign exchange losses/(gains)	31	127	(129)
Unrealised foreign exchange losses	31	1,799	2,122
Provision for Zurich's claims	31	5,127	-
Allowance for impairment loss on goodwill acquired	31	4,996	-
Present value adjustment on Retained Consideration	31	-	(3,959)
Loss on deconsolidation of subsidiaries	31	-	757
Depreciation of property, plant and equipment	32	2,242	959
Amortisation of leasehold land	32	1	1
Depreciation of right-of-use assets	32	3,500	-
Amortisation of intangible assets	32	83	84
Allowance for impairment loss on trade and factoring receivables	32	385	-
(Write back of)/allowance for impairment loss on insurance receivables	32	(734)	91
Finance costs	33	263	9
Share of profit of associates	9	-	(4,696)
Tax expense	34	1,737	2,965
Changes in working capital:			
Acquisition of investment properties from claims recovery	6	(4,829)	-
Increase in loans and receivables		(1,004)	(19)
Increase in reinsurance assets		(37,529)	(5,080)
Increase in insurance receivables		(8,410)	(3,709)
Increase in deferred acquisition costs		(1,988)	(972)
Decrease in trade and other receivables		66,920	2,733
Increase/(decrease) in insurance contract liabilities		67,356	(1,735)
Increase in insurance payables		9,096	4,924
Increase in deferred reinsurance commission		75	132
Increase in trade and other payables		13,742	4,357
Cash generated from/(used in) operating activities		73,435	(9,223)
Income tax paid		(4,221)	(3,938)
Income tax refund		20	1
Net cash generated from/(used in) operating activities		69,234	(13,160)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019
(continued)

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	4	(3,400)	(534)
Proceeds from disposal of property, plant and equipment		423	43
Additions from subsequent expenditure of investment properties	6	(470)	(609)
Purchase of intangible assets	7	(170)	(156)
Proceeds from disposal of an associate	9	-	56,713
Purchases of investments	11	(208,357)	(118,967)
Proceeds from disposal of investments		174,685	75,124
(Increase)/decrease in fixed and call deposits		(7,304)	99,886
Net cash outflow from business combinations	37	(26,316)	-
Net cash outflow from deconsolidation of subsidiaries	38	-	(29)
Interest income received		15,967	13,672
Dividend income received		4,141	3,418
Rental income received	6	267	346
Net cash (used in)/generated from investing activities		(50,534)	128,907
FINANCING ACTIVITIES			
Purchase of treasury shares	23	(175)	-
Dividends paid	35	(16,411)	(8,206)
Repayment of lease liabilities	5(b)	(3,183)	-
Lease interest paid	5(b)	(257)	-
Hire purchase interest paid	33	(6)	(9)
Net cash used in financing activities		(20,032)	(8,215)
Net (decrease)/increase in cash and cash equivalents		(1,332)	107,532
Currency translation differences		(2,555)	2,374
Cash and cash equivalents at beginning of financial year		251,132	141,226
Cash and cash equivalents at end of financial year	17	247,245	251,132

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

	Note	COMPANY 2019 RM'000	COMPANY 2018 RM'000
OPERATING ACTIVITIES			
Loss for the financial year		(26,166)	(37,918)
Investment income	26	(992)	(607)
Interest income	27	(6,619)	(7,278)
Realised gains and losses	28	(776)	(523)
Fair value gains and losses	29	(5,355)	20,693
Property, plant and equipment written off	31	14	1
Allowance for impairment loss on investments in subsidiaries	31	16,510	12,360
Allowance for impairment loss on amounts due from subsidiaries	31	295	-
Realised foreign exchange losses	31	120	173
Unrealised foreign exchange losses	31	183	714
Present value adjustment on Retained Consideration	31	-	(3,959)
Provision for Zurich's claims	31	5,127	-
Depreciation of property, plant and equipment	32	294	351
Depreciation of right-of-use assets	32	424	-
Amortisation of intangible assets	32	44	50
Lease interest	33	45	-
Tax income	34	(27)	(25)
Changes in working capital:			
Increase in loans and receivables		-	(14)
(Increase)/decrease in trade and other receivables		(625)	478
Retained Consideration from the disposal of MAA Takaful received		88,623	-
Increase/(decrease) in trade and other payables		44	(1,720)
Cash generated from/(used in) operating activities		71,163	(17,224)
Interest income received		6,619	8,268
Dividend income received		992	607
Income tax paid		(7)	-
Net cash generated from/(used in) operating activities		78,767	(8,349)
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	4	(416)	(44)
Proceeds from disposal of property, plant and equipment		284	-
Addition from subsequent expenditure of investment properties	6	(429)	(273)
Purchase of intangible assets	7	(2)	(16)
Increase in investment in a subsidiary		(48,510)	(6,360)
Purchase of investments		(39,826)	(55,595)
Proceeds from disposal of investments		37,204	35,100
Increase in amounts due from subsidiaries		(13,800)	-
Decrease in fixed and call deposits		-	100,000
Net cash (used in)/generated from investing activities		(65,495)	72,812

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019
(continued)

		COMPANY	
	Note	2019	2018
		RM'000	RM'000
FINANCING ACTIVITIES			
Purchase of treasury shares	23	(175)	-
Dividends paid	35	(16,411)	(8,206)
Repayment of lease liabilities	5(b)	(411)	-
Lease interest paid	5(b)	(45)	-
Net cash used in financing activities		(17,042)	(8,206)
Net (decrease)/increase in cash and cash equivalents		(3,770)	56,257
Cash and cash equivalents at beginning of financial year		162,227	105,970
Cash and cash equivalents at end of financial year	17	158,457	162,227

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 8 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 48 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 21 April 2020.

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 that are effective and applicable to the Group and the Company:

The Group and the Company has applied the following standards and amendments for the financial year beginning on or after 1 January 2019:

- MFRS 16 *'Leases'*
- Amendments to MFRS 9 *'Financial Instruments' - Prepayment Features with Negative Compensation'*
- Amendments to MFRS 128 *'Investments in Associates and Joint Ventures' – Long-term interest in Associates and Joint Ventures*
- IC Interpretation 23 *'Uncertainty over Income Tax Treatments'*
- Annual Improvements to MFRSs 2015 – 2017 Cycle
  - MFRS 3 *'Business Combinations'*
  - MFRS 11 *'Joint Arrangement'*
  - MFRS 112 *'Income Taxes'*
  - MFRS 123 *'Borrowing Costs'*

The Group and the Company has adopted MFRS 16 for the first time in the 2019 financial statements with the date of initial application ("DIA") of 1 January 2019. The Group and the Company has elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group and the Company is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IC Interpretation 4 'Determining whether an Agreement Contains a Lease'.

In addition, the Group and the Company has elected not to reassess whether a contract is, or contains a lease at the DIA. Instead, for contracts entered into before the transition date the Group and the Company relied on its assessment made applying MFRS 117 and IC Interpretation 4.

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Company's incremental borrowing rate as of 1 January 2019.

The associated right-of-use ("ROU") assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position as at 31 December 2018.

In applying MFRS 16 for the first time, the Group and the Company has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	GROUP RM'000	COMPANY RM'000
Operating lease liabilities as at 31 December 2018	4,015	874
Discounted using the incremental borrowing rates	(231)	(61)
Lease liabilities as at 1 January 2019	3,784	813
Of which are:		
Current	2,083	402
Non-current	1,701	411
	3,784	813

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 of the Group and the Company ranged from 7% to 8% per annum.

Other than that, the adoption of the other amendments listed above does not have any significant impact on the current period or any prior period and is not likely to affect future periods.

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

Effective for financial year beginning on 1 January 2020

- The Conceptual Framework for Financial Reporting ("Framework")

  The Framework was revised with the primary purpose to assist the IASB to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS. The Framework is not an IFRS, and does not override any IFRSs.

  Key changes to the Framework are as follows:

  o Objective of general purpose financial reporting - clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.

  o Qualitative characteristics of useful financial information - reinstatement of the concepts of prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.

  o Clarification on reporting entity for financial reporting - introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.

  o Elements of financial statements - the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

Effective for financial year beginning on 1 January 2020 (continued)

- The Conceptual Framework for Financial Reporting (“Framework”) (continued)

  Key changes to the Framework are as follows (continued):

  o Recognition and derecognition - the probability threshold for asset or liability recognition has been removed. New guidance on de recognition of asset and liability have been added.

  o Measurement - explanation of factors to consider when selecting a measurement basis have been provided.

  o Presentation and disclosure - clarification that statement of profit or loss (“P&L”) is the primary source of information about an entity’s financial performance for a reporting period. In principle, recycling of income/expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

  Amendments to References to the Conceptual Framework in MFRS Standards

  The 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.

- Amendments to the definition of material (Amendments to MFRS 101 and MFRS 108)

  The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

  The definition of ‘material’ has been revised as “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

  The amendments also:

  o clarify that an entity assesses materiality in the context of the financial statements as a whole.

  o explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.

  o clarify the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

  The amendments shall be applied prospectively.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

Effective for financial year beginning on 1 January 2020 (continued)

- Amendments to MFRS 3 on definition of a business

  The amendments clarify that to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Disclosure – Rate Benchmark Reform'

  'Highly probable' requirement

  The relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Hence, where the hedged cash flows may change as a result of interbank offered rate (IBOR) reform (for example, where the future interest payments on a hedged forecast debt issuance might be Sterling Overnight Index Average ('SONIA') + X% rather than LIBOR + Y%), this will not cause the 'highly probable' test to be failed.

  Prospective assessment

  Under the amendments, an entity assumes that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based is not altered by IBOR reform. Accordingly, this will not cause the forward-looking prospective assessment to apply hedge accounting to fail.

  Risk components

  For hedge accounting to be applied, MFRS 9 requires the designated risk component to be separately identifiable and reliably measurable. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship.

  Disclosures

  The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

Effective for financial year beginning on 1 January 2020 (continued)

- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Disclosure – Rate Benchmark Reform' (continued)

  An entity shall apply the amendments retrospectively. This retrospective application applies only to the following:

  - hedging relationships that existed at the beginning of the reporting period in which an entity first applies those amendments or were designated thereafter; and

  - the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies those requirements.

Effective for financial year beginning on 1 January 2022

- Amendments to MFRS 101 'Classification of liabilities as current or non-current'

  The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

Effective for financial year beginning on 1 January 2023

- 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 from Contracts with Customers'. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

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

  Alternative measurement models are provided for the different insurance 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 17. For the other standards, amendments to published standards and interpretations to existing standards stated above, the Group and the Company will access the application of adopting them before the effective dates.

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 recognised amounts of 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 and 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(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 interest 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.

(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 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are recognised in profit or loss.

2.4 Property, plant and equipment

(a) Cost

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is subsequently shown at fair value. 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).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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 is 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 asset 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.

2.5 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Investment properties (continued)

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 treated in the same way as a 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

Goodwill

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.

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

(a) Classification

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(c) Measurement (continued)

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.

2.8 Impairment of financial assets

The Group and the Company assesses 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 three 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 simplification. 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 increase 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 the 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets (continued)

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.

2.11 Loans

Loans are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. The loans are subject to ECL model for impairment assessment.

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

ECLs are recognised in three 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 results 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 since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of default (a lifetime ECL).

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the borrowers, actual or expected changes in the operating results of the borrowers, aging of receivables, defaults and past due amounts, past experience with the borrowers, changes in the value of the collaterals supporting the debt obligations or the quality of third-party guarantees.

Where the collateral is property, the net realisable value for the property is determined by using its fair value 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 shares 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.

To measure ECLs, borrowers are grouped based on shared credit risk characteristics and the days past due. The Group established a provision matrix based on historical credit loss experience of the borrowers, adjusted for forward-looking factors specific to the debtors and the economic environment. In circumstances where there was no historical credit loss experience, the Group used prevailing market non-performing loan data as the proxy for the credit loss experience. Borrowers that are credit-impaired are assessed on individual basis for loss allowance.

Loans and receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a borrower to engage in repayment plan with the Company.

Impairment loss and write off in respect of financial assets carried at amortised cost are recognised in profit or loss. Subsequent recoveries of amounts previously written off and subsequent decrease in impairment loss are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Group and the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for insurance receivables. To measure the expected credit losses, insurance 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. In circumstances where there was no historical credit loss experience, the Group and the Company has used prevailing market non-performing loan data as the proxy for the credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Insurance receivables 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 risks and rewards of ownership.

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/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 receivables. To measure the expected credit losses, trade 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. In circumstances where there was no historical credit loss experience, the Group and the Company has used prevailing market non-performing loan data as the proxy for the 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 is 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.

The Group and the Company apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for loans to subsidiaries. Due to lack of historical credit loss experience, the Group and the Company have used prevailing market non-performing loan data as the proxy for the credit loss experience, adjusted for forward looking factors specific to the subsidiaries and the economic environment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases

Accounting policies applied from 1 January 2019

The Group and the Company as a lessee

From 1 January 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

The Group and the Company as a lessee (continued)

(c) Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

(d) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment. Payments associated with short-term leases of office equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Accounting policies applied until 31 December 2018

Operating leases

Leases of assets where a significant portion of the risks and rewards 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.20 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Share capital (continued)

(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.

Where such treasury shares be reissued by re-sale in the open market, the cost of the treasury shares is reversed from the treasury share account and the realised gain or loss on disposal or reissue, net of any directly attributable incremental transaction cost, 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.

2.23 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, are included in other comprehensive income.

(c) Group companies

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Foreign currencies (continued)

(c) Group companies (continued)

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

Short-term employee benefits

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

Post-employment benefits

The Group and the Company 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.

Defined contribution plans

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Employee benefits (continued)

Defined benefit plans (continued)

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 recognised 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.

2.29 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Reinsurance (continued)

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.

<u>Commission income</u>

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.

<u>Benefits and Claims</u>

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 General insurance underwriting results (continued)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Other revenue recognition

Interest income

Interest income from fixed and call deposits is recognised on a time-proportion basis using the effective interest rate method.

Interest income on investments measured at AC and at FVOCI is calculated using the effective interest rate method and recognised as 'Investment Income' in profit or loss.

Dividend income

Dividend income from financial assets measured at FVTPL and at FVOCI 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.

Dividend 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 straight-line basis over the terms of the leases.

Other income

Other income consists of:

(i) Management, consultancy and advisory, educational, factoring and other services fees are recognised as 'Other Operating Revenue from Non-Insurance Businesses' in profit or loss. These incomes are measured based on the considerations specified in contracts with customers in exchange for transferring services to customers. The Group and the Company recognise these incomes when the services specified in the contracts are provided.

(ii) Interest income from loan is recognised using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the loan and continues unwinding the discount as interest income.

Finance income and interest earned from leasing and hire purchase financing and the provision of loans settled on fixed instalment basis are accounted for over the period of the leasing, hire purchase and loan contracts in proportion to the net funds invested, using the effective interest rate method. For term loans with single repayment of principal and interest, the associated interest and finance charges are earned on the monthly rest basis. Overdue interest on late payment is recognised on a receipt basis.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.33 Current and deferred income tax (continued)

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.

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.

(a) 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 General insurance subsidiary'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 2019, the carrying values of provision for outstanding claims and IBNR of the General insurance subsidiary amounted to RM112,433,000 and RM33,157,000 respectively.

(b) 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 RM56,693,000 (2018: RM47,608,000) as at 31 December 2019.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(c) 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 21 to the statement of financial statements.

As at 31 December 2019, retirement benefit liability stood at RM1,358,000 (2018: retirement benefit asset of RM101,000) with retirement benefit costs of RM430,000 (2018: RM485,000) recognised in statement of profit or loss.

(d) Estimation of lease liabilities

(i) Extension and termination options

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which effects this assessment and that is within the control of the Group and the Company.

(e) Impairment assessment on goodwill arising from business combinations

The Group performs annual assessment of the carrying value of goodwill against the recoverable amount of the cash-generating units ("CGUs") to which the goodwill have arose from business combinations carried out by the Group. The measurement of the recoverable amounts of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's on-going operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and the management's view of future performance of the CGUs.

During the current financial year ended 31 December 2019, goodwill arising from the acquisition of HCAT and SIB Group amounted to RM4,996,000 and RM26,644,000 respectively as disclosed in Note 37(a) and Note 37(b) to the financial statements. Based on the impairment assessment performed by the Group, an allowance for impairment loss on goodwill of RM4,996,000 arising from the acquisition of HCAT was recognised in statement of profit or loss as its recoverable amount is less than the carrying amount.

4 PROPERTY, PLANT AND EQUIPMENT

GROUP

Non-current	Note	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 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	31	-	-	(5)	-	-	-	(5)
Currency translation differences		-	(26)	(36)	(28)	(22)	-	(112)
At 31 December 2018/ 1 January 2019		178	766	4,787	3,158	2,983	-	11,872
Additions		-	-	652	532	1,416	800	3,400
Arising from business combinations	37(a),(b)	-	-	3,302	-	2,927	-	6,229
Disposals		-	-	(545)	(1,819)	-	-	(2,364)
Written off	31	-	-	(769)	-	(2,915)	-	(3,684)
Currency translation differences		-	18	30	25	19	-	92
At 31 December 2019		178	784	7,457	1,896	4,430	800	15,545

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

GROUP

Non-current	Note	Leasehold land	Office buildings	Furniture, fittings and equipment	Motor vehicles	Renovation	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation								
At 1 January 2018		7	258	2,985	1,772	1,901	-	6,923
Disposals		-	-	(81)	(24)	-	-	(105)
Written off	31	-	-	(4)	-	-	-	(4)
Depreciation charge	32	-	37	474	197	251	-	959
Amortisation charge	32	1	-	-	-	-	-	1
Currency translation differences		-	(7)	(21)	(14)	(21)	-	(63)
At 31 December 2018/ 1 January 2019		8	288	3,353	1,931	2,131	-	7,711
Disposals		-	-	(496)	(1,299)	-	-	(1,795)
Written off	31	-	-	(655)	-	(1,993)	-	(2,648)
Depreciation charge	32	-	39	697	151	1,355	-	2,242
Amortisation charge	32	1	-	-	-	-	-	1
Currency translation differences		-	7	20	13	7	-	47
At 31 December 2019		9	334	2,919	796	1,500	-	5,558
Accumulated impairment loss								
At 31 December 2018/ 31 December 2019		56	-	-	-	-	-	56
Net book value								
At 31 December 2018		114	478	1,434	1,227	852	-	4,105
At 31 December 2019		113	450	4,538	1,100	2,930	800	9,931

4 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

Non-current	Note	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
		RM'000	RM'000	RM'000	RM'000
Cost					
At 1 January 2018		1,682	1,534	774	3,990
Additions		44	-	-	44
Disposals		(3)	-	-	(3)
Written off	31	(5)	-	-	(5)
At 31 December 2018/1 January 2019		1,718	1,534	774	4,026
Additions		71	288	57	416
Disposals		(105)	(1,521)	-	(1,626)
Written off	31	(124)	-	-	(124)
At 31 December 2019		1,560	301	831	2,692
Accumulated depreciation					
At 1 January 2018		935	1,042	463	2,440
Disposals		(2)	-	-	(2)
Written off	31	(4)	-	-	(4)
Depreciation charge	32	197	77	77	351
At 31 December 2018/1 January 2019		1,126	1,119	540	2,785
Disposals		(67)	(1,112)	-	(1,179)
Written off	31	(110)	-	-	(110)
Depreciation charge	32	181	30	83	294
At 31 December 2019		1,130	37	623	1,790
Net book value					
At 31 December 2018		592	415	234	1,241
At 31 December 2019		430	264	208	902

5 RIGHT OF USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use ("ROU") assets

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
Offices		13,656	-	389	-
Photocopiers		84	-	-	-
		13,740	-	389	-
At 1 January		4,008	-	813	-
Arising from business combinations	37(b)	4,974	-	-	-
Additions during the year		8,224	-	-	-
Depreciation charge	32				
- offices		(3,463)	-	(424)	-
- photocopiers		(37)	-	-	-
Currency translation differences		34	-	-	-
At 31 December		13,740	-	389	-

The Group leases various offices and photocopiers. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(b) Lease liabilities

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Current	7,613	-	402	-
Non-current	6,105	-	-	-
Total lease liabilities	13,718	-	402	-

5 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

(b) Lease liabilities (continued)

The movement of lease liabilities during the financial year is as follows:

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
At 1 January		3,784	-	813	-
Arising from business combinations	37(b)	5,137	-	-	-
Additions during the year		7,965	-	-	-
Lease interests	33	257	-	45	-
Repayments of:					
- principal		(3,183)	-	(411)	-
- lease interests		(257)	-	(45)	-
Currency translation differences		15	-	-	-
At 31 December		13,718	-	402	-

Other expenses relating to leases in the current financial year for the Group and the Company are as follows:

		GROUP		COMPANY	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Expense relating to short-term leases (included in office rental)	32	52	-	-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in printing and stationery expenses)	32	128	-	-	-

6 INVESTMENT PROPERTIES

Non-current	Note	GROUP 31.12.2019 RM'000	GROUP 31.12.2018 RM'000	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
At 1 January		46,234	49,982	28,480	29,690
Addition[(N1)]		4,829	-	-	-
Additions from subsequent expenditures		470	609	429	273
Net fair value losses	29	(688)	(2,837)	(429)	(1,483)
Currency translation differences		528	(1,520)	-	-
At 31 December		51,373	46,234	28,480	28,480
Comprising:					
Leasehold land and buildings		51,373	46,234	28,480	28,480

[(N1)] Properties transferred to the General Insurance subsidiary from claims recovery.

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

Fair value hierarchy

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 fair value is derived from unadjusted quoted price in active markets for identical properties that the entity can access at the measurement date.

Level 2 fair value is estimated using inputs other than quoted price included within Level 1 that are observable for the properties, either directly or indirectly.

Level 3 fair value is estimated using unobservable inputs for properties.

The fair value of investment properties are categorised as follows:

	GROUP 31.12.2019 RM'000	GROUP 31.12.2018 RM'000	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
Level 3	51,373	46,234	28,480	28,480

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 2019 (2018: no transfer).

6 INVESTMENT PROPERTIES (continued)

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

GROUP

As at 31 December 2019

Investment property	Fair value	Valuation technique	Unobservable inputs	Input	Sensitivity in average price per square feet +/-5%
	RM'000			RM	RM'000
Retail units, office suites and parking bays	28,480	Comparison method	Average price per square feet	156 to 790	+1,424 -(1,424)
		Comparison method	Average price per parking bay	39,315 to 45,936	
Apartment in London	8,356	Comparison method	Average price per square feet	4,288 to 7,958	+418 -(418)
Villa in Bali	9,708	Comparison method	Average price per square feet	4,094 to 5,145	+485 -(485)
Condominium units in Manila	4,829	Sales market approach	Average price per square feet	2,494 to 3,057	+241 -(241)
	51,373				

6 INVESTMENT PROPERTIES (continued)

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

GROUP

As at 31 December 2018

Investment property	Fair value	Valuation technique	Unobservable inputs	Input	Sensitivity in average price per square feet +/-5%
	RM'000			RM	RM'000
Retail units, office suites and parking bays	28,480	Comparison method	Average price per square feet	156 to 790	+1,424 -(1,424)
		Comparison method	Average price per parking bay	39,315 to 45,936	
Apartment in London	8,199	Comparison method	Average price per square feet	6,850 to 11,385	+410 -(410)
Villa in Bali	9,555	Comparison method	Average price per square feet	4,108 to 4,989	+478 -(478)
	46,234				

COMPANY

As at 31 December 2019/31 December 2018

Investment property	Fair value	Valuation technique	Unobservable inputs	Input	Sensitivity in average price per square feet +/-5%
	RM'000			RM	RM'000
Retail units, office suites and parking bays	28,480	Comparison method	Average price per square feet	156 to 790	+1,424 -(1,424)
		Comparison method	Average price per parking bay	39,315 to 45,936	
	28,480				

6 INVESTMENT PROPERTIES (continued)

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

		GROUP		COMPANY	
	Note	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	26	267	346	-	-
Direct operating expenses arising from rental income generating investment properties	32				
- Caretaker fees		(21)	(22)	-	-
- Staff salaries		(140)	(121)	-	-
- Utilities		(88)	(87)	-	-
- Repair and maintenance		(76)	(104)	-	-
- Valuation fees		(11)	(13)	-	-
- Property management service fees		(103)	(36)	-	-
- Taxes and others		(35)	(42)	-	-
		(474)	(425)	-	-
Direct operating expenses arising from non-rental income generating investment properties	32				
- Repair and maintenance		(11)	(44)	(11)	(44)
- Property maintenance fee and sinking fund		(107)	(107)	(107)	(107)
- Quit rent and assessment		(89)	(150)	(89)	(150)
- Securities charges		(199)	(58)	(199)	(58)
- Professional fees		(409)	(601)	-	-
- Others		(39)	(57)	(39)	(11)
		(854)	(1,017)	(445)	(370)

7 INTANGIBLE ASSETS

Non-current	Note	GROUP 31.12.2019 RM'000	GROUP 31.12.2018 RM'000	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
Cost					
At 1 January		1,303	1,151	637	621
Arising from business combinations	37(a),(b)	38	-	-	-
Additions		170	156	2	16
Currency translation differences		3	(4)	-	-
At 31 December		1,514	1,303	639	637
Accumulated amortisation					
At 1 January		645	561	544	494
Amortisation charge	32	83	84	44	50
At 31 December		728	645	588	544
Net carrying amount		786	658	51	93

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.

8 SUBSIDIARIES

	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
Investments in subsidiaries, at cost	296,498	247,988
Less: allowance for impairment loss	(155,498)	(138,988)
	141,000	109,000

8 SUBSIDIARIES (continued)

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

	Note	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
At 1 January		138,988	126,628
Allowance for impairment loss	31	16,510	12,360
At 31 December		155,498	138,988

In the current financial year, an impairment loss was recognised as the subsidiary is in a loss making position. The recoverable amount of RM141,000,000 is based on its net assets value, which approximates to its fair value less costs of disposal (Level 3 of the fair value hierachy).

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	31.12.2019 Group's effective interest %	31.12.2019 NCI %	31.12.2018 Group's effective interest %	31.12.2018 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
MAACA Legal Advisory Sdn Bhd (formerly known as MAA Corporate Advisory Sdn Bhd)	Malaysia	100	-	100	-	Providing advisory and consultancy services

8 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	31.12.2019 Group's effective interest	31.12.2019 NCI	31.12.2018 Group's effective interest	31.12.2018 NCI	Principal activities
		%	%	%	%	
Subsidiaries of MAA Corp (continued)						
MAA International Investments Ltd ("MAAII")	Labuan, Malaysia	100	-	100	-	Investment holding
Menang Bernas Sdn Bhd	Malaysia	100	-	100	-	Property investment, development and other related services
#MaaxSite Sdn Bhd	Malaysia	100	-	100	-	E-Commerce and E-Business
#Maax Factor Sdn Bhd (formerly known as Maax Club Sdn Bhd)	Malaysia	100	-	100	-	Providing debt factoring services
#Maax Venture Bhd	Malaysia	100	-	100	-	Dormant
#Edumaax Sdn Bhd (formerly known as Indopelangi Sdn Bhd) ("Edumaax")	Malaysia	100	-	100	-	Investment holding and provision of education services and operations of education tuition centres
#Kasturi Services Sdn Bhd(1)	Malaysia	100	-	-	-	Carry on the business of rent-to-rent and providing rental management services
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

8 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	31.12.2019 Group's effective interest	31.12.2019 NCI	31.12.2018 Group's effective interest	31.12.2018 NCI	Principal activities
		%	%	%	%	
Subsidiaries of Edumaax						
#Kasturi Academy Sdn Bhd (formerly known as Kastury Academia Sdn Bhd)	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres
Scholastic IB International Sdn Bhd ("SIB")(2)	Malaysia	90	10	-	-	Investment holding
HELP College of Arts and Technology Sdn Bhd(2)	Malaysia	100	-	-	-	Carry on the business of a commercial college for higher education
Subsidiaries of SIB						
St. John's International Edu Group Sdn Bhd(2)	Malaysia	90	10	-	-	Providing education and related services
St. John's International (Campus 2) Sdn Bhd(2)	Malaysia	90	10	-	-	Dormant
Alfaakademik Sdn Bhd(2)	Malaysia	90	10	-	-	Providing education and related services

Subsidiaries not audited by PricewaterhouseCoopers PLT.
(1) Incorporated during the financial year.
(2) Acquired during the financial year.

The Group's subsidiaries that have NCI are as follows:

	31.12.2019 MAAGAP	31.12.2019 SIB Group	31.12.2019 Total	31.12.2018 MAAGAP	31.12.2018 Total
NCI percentage of ownership interest and voting interest	1%	10%		1%	
	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying value of NCI	3,373	41	3,414	3,419	3,419

Summarised financial information of NCI has not been included as the NCI of the subsidiaries are not individually material to the Group.

9 ASSOCIATES

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	245	245	100	100
Less: allowance for impairment loss	(245)	(245)	(100)	(100)
	-	-	-	-

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

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
At beginning/end of financial year	245	245	100	100

Details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 31.12.2019	Group's effective interest 31.12.2018	Principal activities
		%	%	
MAA Bancwell Trustee Berhad	Malaysia	49	49	Inactive
Hospitality 360 Sdn Bhd ("H360")[1]	Malaysia	49	-	Investment holding and providing hotel management and consultancy services
Subsidiaries of H360				
Trinidad Signature Suites Sdn Bhd	Malaysia	49	-	Hotel operator and providing hotel related services
Trinidad Cigar Company Sdn Bhd	Malaysia	49	-	Sale of cigars and related accessories
Medianworks Sdn Bhd	Malaysia	49	-	Investment holding and carrying business as reseller of member loyalty program
Medianworks Facility Management Sdn Bhd	Malaysia	49	-	Dormant
Trisend Logistic Technologies Sdn Bhd	Malaysia	49	-	Providing delivery services
Asiawide Hospitality Group Sdn Bhd	Malaysia	49	-	Dormant

9 **ASSOCIATES** (continued)

Details of the associates are as follows (continued):

Name of company	Country of incorporation	Group's effective interest 31.12.2019	Group's effective interest 31.12.2018	Principal activities
		%	%	
Associates of H360				
Hugos Langkawi Sdn Bhd	Malaysia	49	-	Pub and Café operator
Trinidad Distributors (M) Sdn Bhd	Malaysia	49	-	Sale of cigars and related accessories

(1) As disclosed in Note 48(e) to the financial statements, H360 became an associate of the Group on 10 September 2019.

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 follows:

	Note	Columbus Capital Pty Ltd(N1)	Hospitality 360 Sdn Bhd	Total
		RM'000	RM'000	RM'000
At 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 2018/1 January 2019		-	-	-
Acquisition of associates				
- cost of investments (*)		-	-	-
- allowance for impairment loss (*)		-	-	-
Share of profit		-	-	-
At 31 December 2019		-	-	-

(N1) Columbus Capital Pty Ltd ceased to be an associate on 27 December 2018.
(*) Denote RM49

9 ASSOCIATES (continued)

Accumulated unrecognised share of losses of associates

	MAA Bancwell Trustee Berhad		Hospitality 360 Sdn Bhd	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Accumulated losses	(509)	(499)	(1,473)	-
Interest in associate	49%	49%	49%	-
Accumulated unrecognised share of losses	(250)	(244)	(722)	-

On 27 December 2018, the Group completed the disposal of its 47.95% equity interest in Columbus Capital Pty Ltd ("CCA") for a total cash consideration of AUD21.0 million (equivalent to RM61,204,000).

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

Details of the disposal of CCA were 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	28	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 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(**)	16	(4,491)
Net cash received		56,713

(**) Under the share sale agreement for the disposal of CCA, the balance sale consideration of AUD1,540,990 (equivalent to RM4,491,000 as at 31 December 2018) was payable to the Group on 12 months following the sale completion date on 27 December 2018. The Group received the said balance sale consideration on 11 December 2019.

10 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	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Deferred tax assets		2,261	2,045	-	-
Deferred tax liabilities		(831)	(748)	(95)	(129)
		1,430	1,297	(95)	(129)
At 1 January		1,297	178	(129)	(154)
Arising from business combination	37(b)	(146)	-	-	-
Credited/(charged) to profit or loss:	34				
- property, plant and equipment		20	23	34	25
- allowance for impairment loss		(79)	(295)	-	-
- unrealised foreign exchange gain		72	(47)	-	-
- retirement benefit plan		258	(65)	-	-
- provision for IBNR		404	1,690	-	-
- investment properties		(764)	-	-	-
- right-of-use assets		(210)	-	-	-
- lease liabilities		195	-	-	-
- others		60	-	-	-
		(44)	1,306	34	25
Credited/(charged) to other comprehensive income:					
- retirement benefit plan	21	308	(137)	-	-
Currency translation differences		15	(50)	-	-
At 31 December		1,430	1,297	(95)	(129)

10 DEFERRED TAX (continued)

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
Deferred tax assets (before and after offsetting)				
Allowance for impairment loss	406	499	-	-
Provision for IBNR	2,235	1,656	-	-
Retirement benefit plan	622	-	-	-
Lease liabilities	260	-	-	-
Others	78	-	-	-
	3,601	2,155	-	-
Offsetting	(1,340)	(110)	-	-
	2,261	2,045	-	-
Deferred tax liabilities (before and after offsetting)				
Property, plant and equipment	(298)	(173)	(95)	(129)
Right-of-use assets	(294)	-	-	-
Investment properties	(1,018)	-	-	-
Unrealised foreign exchange gain	14	(80)	-	-
Retirement benefit plan	-	(30)	-	-
Gain on remeasurement of previously held equity interest in an associate	(575)	(575)	-	-
	(2,171)	(858)	(95)	(129)
Offsetting	1,340	110	-	-
	(831)	(748)	(95)	(129)

10 DEFERRED TAX (continued)

The amounts of deductible temporary differences, unabsorbed tax losses and unutilised 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	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Deductible temporary differences	11,540	1,692
Unabsorbed tax losses	67,733	64,040
Unutilised capital allowances	9,218	9,149
	88,491	74,881

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unabsorbed tax losses will be imposed with a time limit of utilisation. The Group's unabsorbed tax losses amounting to RM3,693,000 arising in year of assessment 2019 can be carried forward up to year of assessment 2026; whereas the unabsorbed tax losses brought forward from year of assessment 2018 amounting to RM64,040,000 can be carried forward up to year of assessment 2025. There is no expiry date for deductible temporary difference and unutilised capital allowances where deferred tax assets were not recognised.

11 INVESTMENTS

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

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Government debt securities	63,405	49,661	-	-
Corporate debt securities	100,907	62,196	-	-
Equity securities	119,126	123,652	49,095	38,488
Unit trusts	2,308	3,852	-	1,719
Private trust funds	250	-	-	-
Derivatives	-	112	-	112
	285,996	239,473	49,095	40,319

11 INVESTMENTS (continued)

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

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Equity securities				
- quoted in Malaysia	10,572	7,982	10,572	7,982
- quoted outside Malaysia	59,883	69,248	38,523	30,506
- unquoted outside Malaysia	22,565	24,079	-	-
	93,020	101,309	49,095	38,488
Unit trusts				
- quoted in Malaysia	2,308	2,133	-	-
- quoted outside Malaysia	-	1,719	-	1,719
	2,308	3,852	-	1,719
Derivatives quoted in Malaysia	-	112	-	112
	95,328	105,273	49,095	40,319

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

	GROUP	
	31.12.2019	31.12.2018
	RM'000	RM'000
At fair value:		
Government debt securities quoted outside Malaysia	52,150	38,669
Corporate debt securities quoted outside Malaysia	4,193	3,728
Equity securities		
- quoted outside Malaysia	26,103	22,340
- unquoted outside Malaysia	3	3
	26,106	22,343
	82,449	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.

11 INVESTMENTS (continued)

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

Equity securities at FVOCI comprise the following individual investments:

	GROUP	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Quoted:		
San Miguel Corporation Preferred Series 2C	4,366	4,182
Petron Corporation Perpetual Preferred Series 2A	-	4,089
Ayala Corporation Preferred B Series 2	4,016	3,922
San Miguel Purefoods Perpetual Preferred Series 2	4,012	3,918
San Miguel Corporation Preferred Series 2H	2,943	2,854
Petron Corporation Perpetual Preferred Series 3B	2,547	-
Petron Corporation Perpetual Preferred Series 3A	2,489	-
Phoenix Perpetual Preferred Series 4	1,563	-
San Miguel Corporation Preferred Series 2H	1,299	1,259
San Miguel Corporation Preferred Series 2E	806	746
Ayala Corporation Preferred B Series 1	803	700
Alabang Country Club Series B	587	-
Sta. Elena Golf Club Shares	443	448
San Miguel Corporation Preferred Series 2I	107	102
San Miguel Corporation Preferred Series 2F	101	98
National Reinsurance Corporation of the Philippines	20	21
SM Prime Holdings Inc.	1	1
	26,103	22,340
Unquoted:		
PLDT Inc.	2	2
Philippines Machinery Management Services Corporation	1	1
	3	3
	26,106	22,343

11 INVESTMENTS (continued)

(c) Amortised cost ("AC")

	GROUP	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
At amortised cost:		
Government debt securities quoted outside Malaysia	11,267	11,004
Less: allowance for impairment loss	(12)	(12)
	11,255	10,992
Corporate debt securities quoted outside Malaysia	97,622	58,960
Less: allowance for impairment loss	(908)	(492)
	96,714	58,468
Private trust funds		
- unquoted in Malaysia	200	-
- unquoted outside Malaysia	50	-
	250	-
	108,219	69,460

A reconciliation of the allowance for impairment loss for investments 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		12	400	412
Allowance for impairment loss	31	-	105	105
Currency translation differences		-	(13)	(13)
At 31 December 2018/1 January 2019		12	492	504
Allowance for impairment loss	31	-	403	403
Currency translation differences		-	13	13
At 31 December 2019		12	908	920

11 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	Total RM'000
At 1 January 2018		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	29	(29,542)	-	-	(29,542)
- other comprehensive income		-	(4,112)	-	(4,112)
Allowance for impairment loss	31	-	-	(105)	(105)
Unrealised foreign exchange loss		(711)	-	-	(711)
Currency translation differences		(1,245)	(2,032)	(1,883)	(5,160)
At 31 December 2018/1 January 2019		105,273	64,740	69,460	239,473
Arising from business combination	37(b)	-	-	250	250
Purchases		67,588	68,730	72,039	208,357
Disposals		(78,405)	(58,150)	(34,786)	(171,341)
Dividend income capitalised		108	-	-	108
Fair value gains recorded in:					
- profit or loss	29	290	-	-	290
- other comprehensive income		-	5,491	-	5,491
Allowance for impairment loss	31	-	-	(403)	(403)
Unrealised foreign exchange loss		(181)	-	-	(181)
Currency translation differences		655	1,638	1,659	3,952
At 31 December 2019		95,328	82,449	108,219	285,996

11 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
		RM'000
At 1 January 2018		39,273
Purchases		55,596
Disposals		(34,629)
Fair value losses recorded in profit or loss	29	(19,210)
Unrealised foreign exchange loss		(711)
At 31 December 2018/1 January 2019		40,319
Purchases		39,826
Disposals		(36,653)
Fair value gains recorded in profit or loss	29	5,784
Unrealised foreign exchange loss		(181)
At 31 December 2019		49,095

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.

11 INVESTMENTS (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following table show the Group's investments recorded at fair value at the reporting date analysed by the various level within the fair value hierarchy:

GROUP

31 December 2019

	Carrying values	Level 1	Level 2	Level 3	Total fair values
	RM'000	RM'000	RM'000	RM'000	RM'000
Investments measured at fair value:					
Investments at FVTPL:					
Equity securities quoted in Malaysia	10,572	10,572	-	-	10,572
Equity securities quoted outside Malaysia	59,883	59,883	-	-	59,883
Equity securities unquoted outside Malaysia	22,565	-	-	22,565	22,565
Unit trusts quoted in Malaysia	2,308	2,308	-	-	2,308
	95,328	72,763	-	22,565	95,328
Investments at FVOCI:					
Government debt securities quoted outside Malaysia	52,150	52,150	-	-	52,150
Corporate debt securities quoted outside Malaysia	4,193	4,193	-	-	4,193
Equity securities quoted outside Malaysia	26,103	25,073	1,030	-	26,103
Equity securities unquoted outside Malaysia	3	-	-	3	3
	82,449	81,416	1,030	3	82,449
Investments for which fair values are disclosed:					
Investments at AC:					
Government debt securities quoted outside Malaysia	11,255	10,475	-	-	10,475
Corporate debt securities quoted outside Malaysia	96,714	96,149	-	-	96,149
Private trust funds unquoted in Malaysia	200	-	-	200	200
Private trust funds unquoted outside Malaysia	50	-	-	50	50
	108,219	106,624	-	250	106,874

11 INVESTMENTS (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following table show the Group's investments recorded at fair value at the reporting date analysed by the various level within the fair value hierarchy (continued):

GROUP

31 December 2018

	Carrying values	Level 1	Level 2	Level 3	Total fair values
	RM'000	RM'000	RM'000	RM'000	RM'000
Investments measured at fair value:					
Investments at FVTPL:					
Equity securities quoted in Malaysia	7,982	7,982	-	-	7,982
Equity securities quoted outside Malaysia	69,248	69,248	-	-	69,248
Equity securities unquoted outside Malaysia	24,079	-	-	24,079	24,079
Unit trusts quoted in Malaysia	2,133	2,133	-	-	2,133
Unit trusts quoted outside Malaysia	1,719	1,719	-	-	1,719
Derivatives quoted in Malaysia	112	112	-	-	112
	105,273	81,194	-	24,079	105,273
Investments at FVOCI:					
Government debt securities quoted outside Malaysia	38,669	38,669	-	-	38,669
Corporate debt securities quoted outside Malaysia	3,728	3,728	-	-	3,728
Equity securities quoted outside Malaysia	22,340	21,892	448	-	22,340
Equity securities unquoted outside Malaysia	3	-	-	3	3
	64,740	64,289	448	3	64,740
Investments for which fair values are disclosed:					
Investments at AC:					
Government debt securities quoted outside Malaysia	10,992	8,213	-	-	8,213
Corporate debt securities quoted outside Malaysia	58,468	51,819	-	-	51,819
	69,460	60,032	-	-	60,032

11 INVESTMENTS (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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 2019 and 31 December 2018.

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

COMPANY

	Level 1	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Investments at FVTPL:		
Equity securities quoted in Malaysia	10,572	7,982
Equity securities quoted outside Malaysia	38,523	30,506
Unit trusts quoted outside Malaysia	-	1,719
Derivatives quoted in Malaysia	-	112
	49,095	40,319

The following table shows the movements in Level 3 investments:

GROUP

	Unquoted equity securities	
	FVTPL	**FVOCI**
	RM'000	**RM'000**
At 1 January 2018	29,080	4
Fair value loss recorded in profit or loss	(5,303)	-
Currency translation differences	302	(1)
At 31 December 2018/1 January 2019	24,079	3
Fair value loss recorded in profit or loss	(1,229)	-
Currency translation differences	(285)	-
At 31 December 2019	22,565	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.

11 INVESTMENTS (continued)

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.

12 LOANS AND RECEIVABLES

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Staff loans	19	28	15	15
Loans from money lending, hire purchase and other credit activities	20,807	19,794	-	-
Less: allowance for impairment loss	(20,300)	(19,794)	-	-
	507	-	-	-
Fixed and call deposits with licensed banks with maturity more than three months	11,824	4,521	-	-
Less: allowance for impairment loss	(22)	(21)	-	-
	11,802	4,500	-	-
	12,328	4,528	15	15

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 loans from money lending, hire purchase and other credit activities during the financial year ranged from 1.51%-14.70% (2018: Nil) per annum.

The weighted average effective interest rate of fixed and call deposits with licensed banks during the financial year ranged from 0.75%-4.25% (2018: 0.75%-4.75%) per annum.

The total loans portfolio from money lending, hire purchase and other credit activities as at 31 December 2019 included non-performing loans ("NPL") amounted to RM19,795,000 (2018: RM19,794,000). The borrowers of these NPL have committed repayments on agreed fixed repayment schedules and certain NPL are collateralised by properties and/or shares. The Group has assessed the values of the collaterals and/or committed 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 RM1,308,000 (2018: RM1,419,000). In the previous financial year ended 31 December 2018, the Group sold certain collaterals of loans for a total net proceeds of RM384,370 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.

12 LOANS AND RECEIVABLES (continued)

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

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current:				
Staff loans	17	24	13	11
Loans from money lending, hire purchase and other credit activities	507	-	-	-
Fixed and call deposits with licensed banks	11,802	4,500	-	-
	12,326	4,524	13	11
Non-current:				
Staff loans	2	4	2	4
	12,328	4,528	15	15

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

		GROUP	
	Note	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
At 1 January		19,794	20,903
Allowance for impairment loss	31	506	-
Bad debts written off		-	(1,109)
At 31 December		20,300	19,794

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	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
At 1 January		21	21
Allowance for impairment loss	31	-	1
Currency translation differences		1	(1)
At 31 December		22	21

13 REINSURANCE ASSETS

		GROUP	
	Note	31.12.2019	31.12.2018
		RM'000	RM'000
Reinsurance of insurance contracts:			
Provision for outstanding claims	18	69,349	32,840
Provision for unearned premiums	18	8,203	7,183
		77,552	40,023

14 INSURANCE RECEIVABLES

Current

Due premiums from brokers and agents	52,638	44,636
Due from reinsurers and ceding companies	390	531
Funds held by ceding companies	618	337
Reinsurance recoverable on paid losses	3,383	3,145
	57,029	48,649
Less: allowance for impairment loss	(336)	(1,041)
	56,693	47,608

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

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

		GROUP	
	Note	31.12.2019	31.12.2018
		RM'000	RM'000
At 1 January		1,041	2,171
(Write back of)/allowance for impairment loss	31	(734)	91
Bad debts written off		-	(1,152)
Currency translation differences		29	(69)
At 31 December		336	1,041

15 DEFERRED ACQUISITION COSTS AND DEFERRED REINSURANCE COMMISSIONS

		GROUP	
	Note	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
Deferred Acquisition Costs			
At 1 January		17,447	16,475
Costs deferred during the financial year		43,802	34,702
Amortisation during the financial year		(40,554)	(37,299)
Currency translation differences		(1,260)	3,569
At 31 December		19,435	17,447
Deferred Reinsurance Commissions			
At 1 January		833	701
Income deferred during the financial year		2,087	2,297
Amortisation during the financial year		(2,284)	(2,448)
Currency translation differences		272	283
At 31 December		908	833

16 TRADE AND OTHER RECEIVABLES

	Note	GROUP 31.12.2019 RM'000	GROUP 31.12.2018 RM'000	COMPANY 31.12.2019 RM'000	COMPANY 31.12.2018 RM'000
Trade receivables					
At gross		887	-	-	-
Less: allowance for impairment loss		(365)	-	-	-
		522	-	-	-
Factoring receivables					
At gross		10,071	-	-	-
Less: allowance for impairment loss		(342)	-	-	-
		9,729	-	-	-
Amounts due from subsidiaries					
At gross		-	-	13,800	-
Less: allowance for impairment loss		-	-	(295)	-
		-	-	13,505	-
Amounts due from associates					
At gross		3,029	-	-	-
Less: allowance for impairment loss		(2,998)	-	-	-
		31	-	-	-
Retained Consideration from the disposal of MAA Takaful Berhad[N1]		5,127	93,750	5,127	93,750
Less: provision for Zurich's claim	31	(5,127)	-	(5,127)	-
		-	93,750	-	93,750
Balance sale consideration from the disposal of CCA[N2]	9	-	4,491	-	-
Purchased loan[N3]					
At gross		39,203	-	-	-
Less: allowance for impairment loss		(24,531)	-	-	-
		14,672	-	-	-
Other receivables, deposits and prepayments					
At gross		32,102	27,458	1,678	787
Less: allowance for impairment loss		(22,330)	(22,330)	(204)	(204)
		9,772	5,128	1,474	583
		34,726	103,369	14,979	94,333
Current		33,048	101,980	14,979	94,219
Non-current		1,678	1,389	-	114
		34,726	103,369	14,979	94,333

16 TRADE AND OTHER RECEIVABLES (continued)

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

The weighted average effective interest rate of loans from factoring activities during the financial year was 0.59% (2018: Nil) per annum.

(N1) Of the RM93,750,000 balance sale consideration from the disposal of MAA Takaful Berhad ("MAA Takaful") retained by Zurich Insurance Company Ltd ("Zurich"), the Company received RM88,623,400 from Zurich on 1 July 2019 net of Zurich's claims of RM5,126,600. The claims relate to alleged breach of warranties, which mainly comprise of claims of additional taxes and penalties imposed on MAA Takaful by the Inland Revenue Board of Malaysia.

(N2) Under the share sale agreement for the disposal of CCA, the balance sale consideration of AUD1,540,990 (equivalent to RM4,491,000 as at 31 December 2018) was payable to the Group on 12 months following the sale completion date on 27 December 2018. The Group received the said balance sale consideration on 11 December 2019.

(N3) On 27 December 2019, Edumaax purchased an impaired loan of EUR3,160,000 (equivalent to RM14,672,000) ("Loan"). This impaired Loan is secured by mortgage which is valued approximately 2.5 times above the Loan amount.

As at 31 December 2019, the amounts due from subsidiaries are interest-bearing advances of RM13,800,000 bearing interest rate at 5.0% per annum, unsecured and are repayable on demand.

As at 31 December 2019, the amounts due from associates are interest-bearing advances of RM2,998,000 bearing interest rate at 5.0% per annum, unsecured and are repayable on demand.

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

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
At 1 January		-	-	-	-
Arising from business combinations		322	-		
Allowance for impairment loss	32	43	-	-	-
At 31 December		365	-	-	-

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

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
At 1 January		-	-	-	-
Allowance for impairment loss	32	342	-	-	-
At 31 December		342	-	-	-

16 TRADE AND OTHER RECEIVABLES (continued)

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

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
At 1 January		-	-	-	-
Allowance for impairment loss	31	-	-	295	-
At 31 December		-	-	295	-

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

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
At 1 January		-	-	-	-
Allowance for impairment loss	31	2,998	-	-	-
At 31 December		2,998	-	-	-

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

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
At beginning/end of financial year	22,330	22,330	204	204

17 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	27,293	78,524	11,410	11,702
Fixed and call deposits with licenced banks with maturity of three months or less	220,017	172,700	147,047	150,525
	247,310	251,224	158,457	162,227
Less: allowance for impairment loss	(65)	(92)	-	-
	247,245	251,132	158,457	162,227

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 0.02% to 6.25% (2018: 0.88% to 5.25%) per annum.

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

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
At 1 January		92	110	-	-
Write back of impairment loss	31	(31)	(14)	-	-
Currency translation differences		4	(4)	-	-
At 31 December		65	92	-	-

18 INSURANCE CONTRACT LIABILITIES

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

GROUP

	31.12.2019			31.12.2018		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Provision for claims reported by policyholders	112,433	(43,641)	68,792	72,949	(21,996)	50,953
Provision for IBNR	33,157	(25,708)	7,449	16,365	(10,844)	5,521
Provision for outstanding claims	145,590	(69,349)	76,241	89,314	(32,840)	56,474
Provision for unearned premiums	70,999	(8,203)	62,796	59,919	(7,183)	52,736
	216,589	(77,552)	139,037	149,233	(40,023)	109,210

Provision for outstanding claims

	Note	31.12.2019			31.12.2018		
		Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January		89,314	(32,840)	56,474	90,163	(29,066)	61,097
Claims incurred during the financial year		92,210	(35,381)	56,829	44,525	(5,211)	39,314
Claims paid during the financial year – net of salvage and subrogation		(54,430)	14,318	(40,112)	(48,972)	6,040	(42,932)
Increase/(decrease) in IBNR		16,502	(14,737)	1,765	6,467	(5,433)	1,034
		54,282	(35,800)	18,482	2,020	(4,604)	(2,584)
Currency translation differences		1,994	(709)	1,285	(2,869)	830	(2,039)
At 31 December		145,590	(69,349)	76,241	89,314	(32,840)	56,474

18 INSURANCE CONTRACT LIABILITIES (continued)

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

GROUP

Provision for unearned premiums

				31.12.2019			31.12.2018
	Note	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January		59,919	(7,183)	52,736	60,805	(5,877)	54,928
Premiums written during the financial year	25	175,671	(59,972)	115,699	149,433	(45,823)	103,610
Premiums earned during the financial year	25	(166,121)	59,193	(106,928)	(148,461)	44,440	(104,021)
		9,550	(779)	8,771	972	(1,383)	(411)
Currency translation differences		1,530	(241)	1,289	(1,858)	77	(1,781)
At 31 December		70,999	(8,203)	62,796	59,919	(7,183)	52,736

19 INSURANCE PAYABLES

		GROUP
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Current		
Due to reinsurers and ceding companies	22,676	13,580

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

20 TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
Defined retirement contribution plan payable		39	29	37	27
Accrual for unutilised staff leave		161	248	144	208
Provision for staff costs		774	1,427	90	1,201
Provision for liquidation fees and expenses of a deconsolidated subsidiary	(a)	4,687	4,687	-	-
Commissions payable		13,095	11,120	-	-
Claims payable		1,306	2,341	-	-
Value added tax payable		24,594	19,466	-	-
Withholding tax payable		10,347	7,748	-	-
Other taxes payables		1,934	1,785	-	-
Bond collaterals received from policyholders		2,385	2,011	-	-
Fees received in advance	(b)	11,768	-	-	-
Security deposit		5,528	-	-	-
Hire purchase creditors	(c)	43	79	-	-
Purchase consideration payable	(d)	5,000	-	-	-
Accrual for professional fee		1,227	203	1,227	203
Other payables and accruals		8,298	5,292	1,597	1,412
		91,186	56,436	3,095	3,051
Current		91,186	56,393	3,095	3,051
Non-current		-	43	-	-
		91,186	56,436	3,095	3,051

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

(a) In the previous 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 had relinquished its control and involvement in the operation and financial matters of PT MAAG to the liquidators. Accordingly, PT MAAG had ceased to be a subsidiary of the Group and had been 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 26 December 2019, the Financial Services Authority of Indonesia has approved the extension of time till 31 March 2020 for the liquidators to complete the shareholders' voluntary winding up of PT MAAG.

20 TRADE AND OTHER PAYABLES (continued)

(b) The fees received in advance is a contract liability that relates to fees received for services not yet rendered.

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	-	-	-	-
Arising from business combination	6,518	-	-	-
Increase due to cash received, excluding amounts recognised as revenue during the financial year	5,250	-	-	-
At 31 December	11,768	-	-	-

The increase in the contract liabilities arising from fees received in advance is from the acquisition of two educational institutions, as disclosed in Note 37 in the financial statements. The fees are paid prior to the commencement of the semester, and the entities' performance obligations will be satisfied upon the rendering of the services in the next financial year.

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

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current	43	36	-	-
Non-current	-	43	-	-
	43	79	-	-

(d) Consists of RM5.0 million of purchase consideration retained from the acquisition of SIB which is payable to the sellers upon them fulfilling the profit guarantees of RM5.0 million for financial year ended 31 December 2019 and financial year ending 31 December 2020 cumulatively.

21 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 follows:

	GROUP	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Fair value of defined benefit obligation	(5,240)	(3,801)
Fair value of plan assets	3,882	3,910
	(1,358)	109
Effect of asset ceiling	-	(8)
Retirement benefit (liability)/asset	(1,358)	101

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

	GROUP	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
At 1 January	3,801	4,000
Current service cost	430	472
Interest cost	297	223
Benefits paid	(183)	(30)
Remeasurement losses/(gains)		
Actuarial losses/(gains) arising from changes in financial assumptions	915	(779)
Experience adjustments	(116)	55
Currency translation differences	96	(140)
At 31 December	5,240	3,801

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

At 1 January	3,910	3,441
Contributions	-	675
Interest income	298	210
Benefits paid	(183)	(30)
Return on plan assets excluding amount in net interest income	(238)	(261)
Currency translation differences	95	(125)
At 31 December	3,882	3,910

21 RETIREMENT BENEFIT ASSET/(LIABILITY) (continued)

The amounts of defined benefit costs that are included in profit or loss under 'Staff costs – defined retirement benefit plan' in Note 32 to the financial statements are as follows:

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Current service cost	430	472
Net interest cost	(1)	13
Interest on the effect of asset ceiling	1	-
	430	485

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

	GROUP	
	2019	**2018**
	RM'000	**RM'000**
Actuarial (losses)/gains on present value of retirement obligation	(799)	724
Return on plan assets excluding amount in net interest cost	(238)	(261)
Effect of asset ceiling	9	(8)
	(1,028)	455
Deferred tax effect	308	(137)
Currency translation differences	(12)	28
	(732)	346

The fair values of plan assets by each class as at 31 December 2019 and 2018 are as follows:

	GROUP	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Cash and cash equivalents	361	546
Investments in:		
Government debt securities	3,143	2,360
Unit trust fund	2	641
Private debt securities	349	341
Accrued trust fees	(5)	(4)
Others	32	26
Total plan assets	3,882	3,910

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.

21 RETIREMENT BENEFIT ASSET/(LIABILITY) (continued)

All government and private debt securities held, except various receivables, have quoted prices in active market. The remaining plan assets are carried at carrying amounts that approximate the fair values.

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

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

	2019	2018
Discount rate	5.54%	7.70%
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)**	
		31.12.2019	**31.12.2018**
		RM'000	**RM'000**
Discount rate	+100 bps	(468)	(294)
	-100 bps	567	348
Salary increase rate	+100 bps	553	347
	-100 bps	(467)	(298)

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

In the financial year ended 31 December 2019 and 31 December 2018, the weighted average duration of the retirement benefit obligation is 9.9 years and 8.4 years respectively.

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

Financial Year	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**
Year 1	1,111	365
Year 2	55	818
Year 3	1,332	57
Year 4	82	1,420
Year 5	197	78
Year 6 to 10	1,177	1,192

22 SHARE CAPITAL

	GROUP/COMPANY	
	31.12.2019	31.12.2018
	RM'000	RM'000
Issued and fully paid ordinary shares		
At beginning/end of financial year	304,354	304,354

23 TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed at the Annual General Meeting on 29 May 2019 approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buy-back plan can be applied in the best interest of the Company and its shareholders.

During the financial year ended 31 December 2019, the Company purchased a total of 211,400 ordinary shares of its issued share capital from the open market at an average price of RM0.83 per share. The total purchase consideration paid for the share buy-back including transaction costs amounted to RM174,865 and were financed by internally generated funds. The shares purchased were held as treasury shares in accordance with the Companies Act 2016 and carried at purchase cost.

On 2 December 2019, the Company cancelled the whole 211,400 treasury shares in accordance with the Companies Act 2016.

As at 31 December 2019, there were no treasury shares held by the Company.

Movement in the share buy-back

	Number of shares	Total purchase costs	Purchase price per share		Average price per share
			Lowest	Highest	
		RM'000	RM	RM	RM
At 1 January 2019	-	-	-		
July	35,000	29	0.84	0.84	0.83
August	39,600	33	0.81	0.83	0.83
September	82,900	70	0.84	0.84	0.84
October	33,900	27	0.79	0.80	0.79
November	20,000	16	0.77	0.77	0.80
Total purchased in 2019	211,400	175			0.83
Cancellation of treasury shares	(211,400)	(175)			
At 31 December 2019	-	-			

Notes To The Financial Statements
31 December 2019
(continued)

24 RETAINED EARNINGS AND RESERVES

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
Retained earnings		188,396	236,931	85,422	128,174
Reserves					
- Foreign exchange reserves		(5,824)	(7,237)	-	-
- FVOCI reserves		1,343	(3,949)	-	-
		(4,481)	(11,186)	-	-
		183,915	225,745	85,422	128,174
Movement in retained earnings					
At 1 January		236,931	272,248	128,174	174,298
Loss for the financial year		(31,217)	(27,457)	(26,166)	(37,918)
Remeasurement (loss)/gain on retirement benefit plan	21	(732)	346	-	-
Cancellation of treasury shares	23	(175)	-	(175)	-
Interim dividends paid	35	(16,411)	(8,206)	(16,411)	(8,206)
At 31 December		188,396	236,931	85,422	128,174
Movement in foreign exchange reserves					
At 1 January		(7,237)	(14,212)	-	-
Currency translation differences arising during the financial year		1,413	(2,065)	-	-
Reclassification of cumulative foreign currency translation difference upon disposal of an associate	28	-	9,040	-	-
At 31 December		(5,824)	(7,237)	-	-

24 RETAINED EARNINGS AND RESERVES (continued)

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		RM'000	RM'000	RM'000	RM'000
Movement in FVOCI reserves					
At 1 January		(3,949)	4	-	-
Gross fair value changes	11	5,491	(4,112)	-	-
Realised (gains)/losses transferred to profit or loss upon disposal of investments at FVOCI	28	(204)	154	-	-
Allowance for impairment loss transferred to profit or loss	31	5	5	-	-
Changes in fair value of investments at FVOCI		5,292	(3,953)	-	-
At 31 December		1,343	(3,949)	-	-

25 NET EARNED PREMIUMS

	GROUP	
	2019	2018
	RM'000	RM'000
Gross earned premiums		
Gross written premiums	175,671	149,433
Change in unearned premium reserves	(9,550)	(972)
	166,121	148,461
Premiums ceded to reinsurers		
Gross written premiums ceded to reinsurers	(59,972)	(45,823)
Change in unearned premium reserves	779	1,383
	(59,193)	(44,440)
Net earned premiums	106,928	104,021

26 INVESTMENT INCOME

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Rental income from investment properties	6	267	346	-	-
Dividend income					
Investments at FVTPL					
- Equity securities quoted in Malaysia		262	171	262	171
- Equity securities quoted outside Malaysia		1,514	1,263	730	436
- Equity securities unquoted outside Malaysia		703	624	-	-
- Unit trusts quoted in Malaysia		109	87	-	-
		2,588	2,145	992	607
Dividend income					
Investments at FVOCI					
- Equity securities quoted outside Malaysia					
- related to those held as at the end of the financial year		1,553	1,360	-	-
		4,408	3,851	992	607

27 INTEREST INCOME

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Investments at FVOCI				
- Government debt securities quoted outside Malaysia	4,350	1,751	-	-
- Corporate debt securities quoted outside Malaysia	208	184	-	-
- Corporate debt securities unquoted in Malaysia	621	624	621	624
	5,179	2,559	621	624
Investments at AC				
- Government debt securities quoted outside Malaysia	399	383	-	-
- Corporate debt securities quoted outside Malaysia	2,255	2,384	-	-
- Private trust fund unquoted in Malaysia	5	-	-	-
- Private trust fund unquoted outside Malaysia	2	-	-	-
	2,661	2,767	-	-
Interest income from:				
- Staff loans	2	1	1	1
- Subsidiaries	-	-	62	-
- Associates	31	-	-	-
	33	1	63	1
Fixed and call deposits interest income	8,094	7,356	5,935	6,653
	15,967	12,683	6,619	7,278

28 REALISED GAINS AND LOSSES

		GROUP		COMPANY	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Net (losses)/gains from disposal of property, plant and equipment		(146)	12	(163)	(1)
Investments at FVTPL					
Net realised gains/(losses)					
- Equity securities quoted in Malaysia		571	(49)	571	(49)
- Equity securities quoted outside Malaysia		2,610	1,785	409	512
- Unit trusts quoted outside Malaysia		(80)	7	(80)	7
- Derivatives quoted in Malaysia		39	54	39	54
		3,140	1,797	939	524
Investments at FVOCI					
Net realised gains/(losses)					
- Government debt securities quoted outside Malaysia		204	(154)	-	-
Net loss on disposal of an associate	9				
- Gain on disposal		-	4,048	-	-
- Reclassification of cumulative foreign currency translation differences from equity to profit or loss		-	(9,040)	-	-
		-	(4,992)	-	-
		3,198	(3,337)	776	523

29 FAIR VALUE GAINS AND LOSSES

		GROUP		COMPANY	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Net fair value losses on investment properties	6	(688)	(2,837)	(429)	(1,483)
Investments at FVTPL					
Net fair value gains/(losses)	11				
- Equity securities quoted in Malaysia		2,879	(2,971)	2,879	(2,971)
- Equity securities quoted outside Malaysia		(1,656)	(20,546)	2,676	(15,514)
- Equity securities unquoted outside Malaysia		(1,229)	(5,303)	-	-
- Unit trusts quoted in Malaysia		67	3	-	-
- Unit trusts quoted outside Malaysia		162	24	162	24
- Derivatives quoted in Malaysia		67	(749)	67	(749)
		290	(29,542)	5,784	(19,210)
		(398)	(32,379)	5,355	(20,693)

30 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from non-insurance businesses				
- Management fee income	-	-	560	719
- Interest income from money lending, hire purchase and other credit activities	-	401	-	-
- Fee income from education services	7,496	3,607	-	-
- Income from factoring business	168	-	-	-
- Others	240	238	-	-
	7,904	4,246	560	719

31 OTHER OPERATING INCOME/(EXPENSES) – NET

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Property, plant and equipment written off	4	(1,036)	(1)	(14)	(1)
Bad debts recovered		-	8	-	-
(Allowance for)/write back of impairment loss on:					
- investments in subsidiaries	8	-	-	(16,510)	(12,360)
- investments at AC	11(c)	(403)	(105)	-	-
- loans from money lending, hire purchase and other credit activities – net	12	(506)	-	-	-
- fixed and call deposits with licensed banks	12	-	(1)	-	-
- amounts due from subsidiaries	16	-	-	(295)	-
- amounts due from associates	16	(2,998)	-	-	-
- cash and cash equivalents	17	31	14	-	-
- investments at FVOCI	24	(5)	(5)	-	-
Realised foreign exchange (losses)/gains – net		(127)	129	(120)	(173)
Unrealised foreign exchange losses - net		(1,799)	(2,122)	(183)	(714)
Provision for Zurich's claims	16	(5,127)	-	(5,127)	-
Allowance for impairment loss on goodwill acquired	37(a)	(4,996)	-	-	-
Present value adjustment on Retained Consideration		-	3,959	-	3,959
Loss on deconsolidation of subsidiaries	38	-	(757)	-	-
Others		306	1,804	32	1,158
		(16,660)	2,923	(22,217)	(8,131)

32 MANAGEMENT EXPENSES

		GROUP		COMPANY	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Staff costs (including Executive Directors)					
- salaries and bonus		17,995	17,555	6,546	7,447
- defined retirement contribution plan		1,232	1,759	640	1,208
- defined retirement benefit plan	21	430	485	-	-
- annual leave		(87)	46	(65)	55
- executive Director's fees		16	15	-	-
- other staff benefits		1,528	1,352	658	630
		21,114	21,212	7,779	9,340
Depreciation of property, plant and equipment	4	2,242	959	294	351
Amortisation of leasehold land	4	1	1	-	-
Depreciation of ROU assets	5	3,500	-	424	-
Direct operating expenses of investment properties	6	1,328	1,442	445	370
Amortisation of intangible assets	7	83	84	44	50
(Write back of)/allowance for impairment loss on:					
- insurance receivables	14	(734)	91	-	-
- trade receivables	16	43	-	-	-
- factoring receivables	16	342	-	-	-
Auditors' remuneration					
- statutory audit					
- current year		320	259	251	213
- under/(over) provision in prior financial year		37	(23)	37	-
Auditors' remuneration payable/paid to other audit firms		175	99	-	-
Non-executive Directors' fees and other emoluments	40	649	707	439	484
Fees paid to a company in which certain Directors have an interest	40	315	270	293	253
Tutors' fees for education services		2,740	1,477	-	-
Office rental		52	2,484	-	456
Staff training expenses		147	518	54	45
Staff medical and amenities		883	904	217	238
Computer and data processing expenses		575	570	224	224
Advertising, promotional and entertainment expenses		1,330	1,973	357	411
Motor vehicle, accommodation and travelling expenses		1,544	1,418	701	769
Printing and stationery		942	830	107	99
Postage, telephone and fax		592	552	68	66
Professional fees		5,375	2,960	4,151	2,610
Electricity and water		607	440	29	30
Security charges		114	79	44	79
Repair and maintenance		690	812	62	39
Underwriting expenses		2,132	1,400	-	-
Agency training expenses		908	1,073	-	-
Investment management expenses		819	729	819	729
Others		4,880	2,549	1,394	1,390
		53,745	45,869	18,233	18,246

33 FINANCE COSTS

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Hire purchase interest		6	9	-	-
Lease interests	5(b)	257	-	45	-
		263	9	45	-

34 TAXATION

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Current tax:					
Current financial year		1,706	4,271	-	-
(Over)/under provision in prior financial years		(13)	-	7	-
Total current tax expenses		1,693	4,271	7	-
Deferred tax:	10				
Origination and reversal of temporary differences		44	(1,306)	(34)	(25)
Tax expenses/(income)		1,737	2,965	(27)	(25)

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

	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Loss before taxation	(29,525)	(24,373)	(26,193)	(37,943)
Taxation at Malaysia statutory tax rate of 24% (2018: 24%)	(7,086)	(5,850)	(6,286)	(9,107)
Tax effects of:				
- expenses not deductible for tax purposes	10,625	9,903	7,057	9,562
- income not taxable for tax purposes	(4,071)	(3,327)	(1,920)	(1,227)
- tax losses not recognised	2,103	1,587	1,115	747
- effects of different tax rates in foreign jurisdictions	231	735	-	-
- utilisation of tax losses	(2)	(83)	-	-
- (over)/under provision in prior financial years	(13)	-	7	-
- tax exemption	(50)	-	-	-
Total tax expenses/(income)	1,737	2,965	(27)	(25)

35 DIVIDENDS

The Company paid a first interim dividend of 6 sen per ordinary share under the single-tier dividend system in respect of the current financial year ended 31 December 2019 totaling RM16,411,065 on 20 August 2019.

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

The Directors do not propose any final dividend for the financial year ended 31 December 2019.

36 BASIC LOSS PER SHARE - GROUP

The basic loss per ordinary share is calculated by dividing the Group's total net loss after NCI over the weighted average number of ordinary shares of the Company in issue during the financial year of 273,462,000 shares (2018: 273,518,000 shares).

37 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI

(a) Acquisition of HELP College of Arts and Technology Sdn Bhd (formerly known as HELP ICT Sdn Bhd) ("HCAT")

On 31 October 2019, Edumaax acquired 100% equity interest in HCAT for a total cash purchase consideration of RM5,500,000 ("Purchase Consideration") via a Share Purchase Agreement ("SPA") with HELP International Corporation Berhad ("Seller"). Upon the fulfilment of the conditions precedent in the SPA, the full Purchase Consideration was paid to the appointed lawyers of the Seller and the Company as stakeholders. On even date, the Company has taken management control of HCAT. Notwithstanding this, the shares transfer is pending the approval from the Ministry of Education for the change in shareholder.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RM'000
(i) Purchase consideration	
Cash paid	5,500
Total purchase consideration	5,500

(ii) 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	2,521
Intangible assets	7	21
Trade and other receivables		930
Cash and cash equivalents		1,032
Trade and other payables		(4,001)
Total fair value of net identifiable assets acquired		504
Add: goodwill		4,996
Net assets acquired		5,500

37 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI (continued)

(a) Acquisition of HELP College of Arts and Technology Sdn Bhd (formerly known as HELP ICT Sdn Bhd) ("HCAT") (continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows (continued):

(ii) Fair value of identifiable assets acquired and liabilities assumed (continued)

The goodwill is attributable mainly to the skill of HCAT's workforce and the synergies expected to be achieved from the expansion of the Group's existing education business segment from tuition centre education to tertiary education. The goodwill is not deductible for tax purposes.

The Group has impaired the goodwill of RM4,996,000 arising from the acquisition of HCAT as the Company is in a loss making position. The recoverable amount is based on HCAT's net liabilities position of RM1,319,000 as at 31 December 2019, which approximates its fair value less costs of disposal (Level 3 of the fair value hierarchy). The said impairment is disclosed in Note 31 'Other operating income/(expenses)-net' in the financial statements.

	GROUP	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Goodwill acquired	4,996	-
Less: allowance for impairment loss	(4,996)	-
	-	-

A reconciliation of the allowance for impairment loss on goodwill acquired is as follows:

		GROUP	
	Note	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
At 1 January		-	-
Allowance for impairment loss	31	4,996	-
At 31 December		4,996	-

(iii) Net cashflows to the Group

	RM'000
Total purchase consideration	5,500
Less: Cash and cash equivalents acquired	(1,032)
Net cash outflow from business combination	4,468

Acquisition-related costs of RM83,000 that were not directly attributable to the issue of shares are included in management expenses in the statement of profit or loss and in operating cashflows in the statement of cash flows.

After acquisition, HCAT contributed operating revenue of RM1,655,000 with a loss after taxation of RM1,823,000 to the Group for the financial period from 1 November 2019 to 31 December 2019.

37 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI (continued)

(b) Acquisition of Scholastic IB International Sdn Bhd ("SIB")

On 31 October 2019, Edumaax completed the acquisition of 90% equity interest in SIB for a total cash purchase consideration of RM27,000,000, as disclosed in Note 48(g) to the financial statements.

Following the completion of the acquisition, SIB and its subsidiaries ("SIB Group") became 90% owned subsidiaries of the Group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Note	RM'000
(i) Purchase consideration		
Cash paid		22,000
Purchase consideration payable	20	5,000
Total purchase consideration		27,000

(ii) Provisional 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	3,708
ROU assets	5(a)	4,974
Intangible assets	7	17
Goodwill		267
Investments	11	250
Trade and other receivables		8,479
Cash and cash equivalents		152
Lease liabilities	5(b)	(5,137)
Deferred tax liabilities	10	(146)
Trade and other payables		(12,008)
Current tax liabilities		(160)
Total provisional fair value of net identifiable assets acquired		396
Less: NCI		(40)
Add: goodwill		26,644
Net assets acquired		27,000

37 BUSINESS COMBINATIONS AND TRANSACTIONS WITH NCI (continued)

(b) Acquisition of Scholastic IB International Sdn Bhd ("SIB") (continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows (continued):

(ii) Provisional fair value of identifiable assets acquired and liabilities assumed (continued)

The goodwill is attributable mainly to the skill of SIB Group's workforce, business growth capability with increase in campus capacity, new licences from Ministry of Education to commence pre-school and Cambridge primary school programs in 2020 and the synergies expected to be achieved from the expansion of the Group's existing education business segment from tuition centre education to tertiary education. The goodwill is not deductible for tax purposes. The initial accounting of the business combination as at 31 December 2019 including intangible assets is incomplete and the measurement shall be completed within one year from the acquisition date. The impairment assessment is based on the provisional fair value.

For the purpose of impairment assessment on the goodwill acquired, the recoverable amount is determined by the value-in-use calculations using cash flow projections of 3 years. Based on the assessment and sensitivity analysis, no impairment is required as the recoverable amount is higher than the carrying amount.

The key assumptions for the computation of value-in-use include the number of students, discount rate, cash flow projection and growth rates which are applied as follows:

(a) Discount rate

The discount rate of 7.6% is based on the pre-tax weighted average cost of capital plus an appropriate risk premium, that reflect risks relating to SIB. The pre-tax weighted average cost of capital is derived from an appropriate capital asset pricing model, which itself depends on inputs reflecting a number of financial and economic variables including the risk-free rate in the Malaysia.

(b) Cash flow projections and growth rate

Cash flow projections are based on a three-year financial budgets and projections approved by the Board of Directors. Terminal growth rate are forecasted based on the average inflation and GDP growth rate of 1.5%. Cash flows are extrapolated in perpetuity due to the long term perspective of the business.

Any reasonable possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed its recoverable amount, which would warrant any impairment loss to be recognised.

(iii) Net cashflows to the Group

	RM'000
Total cash paid	22,000
Less: cash and cash equivalents acquired	(152)
Net cash outflow from business combination	21,848

Acquisition-related costs of RM82,000 that were not directly attributable to the issue of shares are included in management expenses in the statement of profit or loss and in operating cashflows in the statement of cash flows.

After acquisition, SIB Group contributed operating revenue of RM2,623,000 with a profit after taxation of RM113,000 to the Group for the financial period from 1 November 2019 to 31 December 2019.

If both acquisition had occurred on 1 January 2019, the Group would have shown consolidated pro-forma operating revenue of RM218,313,000 and loss after taxation of RM39,110,000 for the financial year ended 31 December 2019.

38 DECONSOLIDATION OF SUBSIDIARY

On 30 August 2018, MAA International Corporation Ltd ("MAAIC"), a wholly-owned subsidiary of the Group had 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 had ceased to be a subsidiary of the Group with effect from 30 August 2018 and had been deconsolidated from the group consolidated accounts on that date.

Details of the deconsolidation were as follows:

GROUP

	Note	At date of deconsolidation
		RM'000
Cash and cash equivalents		29
Other payables		(22)
Foreign exchange reserve		750
Net Loss on deconsolidation to the Group	31	757

The net cash flow on deconsolidation was 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)

MAAIC had been dissolved on 23 October 2019 after the expiration of three months from the date of the lodgement of the Return by Liquidators relating to the final meeting with the Labuan Financial Services Authority and the Official Receiver on 25 July 2019, pursuant to Section 459(5) of the Companies Act 2016 as disclosed in Note 48(h) to the financial statements.

39 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Renovation	401	416	-	-

39 CAPITAL AND OTHER COMMITMENTS (continued)

(b) Operating lease commitments

The Group and the Company lease various offices under operating lease agreements. The lease terms are between 1 to 5 years, and majority of the lease agreements are renewable at the end of the lease period at market rate.

From 1 January 2019, the Group and the Company has recognised ROU assets for these leases, except for short-term and low value leases, see Note 5 for further information.

The lease expenditure (office rental) charged to profit or loss during the previous financial year ended 31 December 2018 is disclosed in Note 32 to the financial statements.

The future aggregate lease payments under operating leases as at 31 December 2018 were as follows:

	GROUP	COMPANY
	RM'000	RM'000
Within 1 year	2,177	456
Between 1 to 4 years	1,838	418
	4,015	874

40 SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties and relationships

The subsidiaries and associates of the Company are disclosed in Notes 8 and 9 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

40 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Significant related party transactions

During the financial year, the Group and the Company undertook various transactions based on agreed terms and conditions with its subsidiaries, associates and other companies deemed related parties as disclosed above.

The significant related party transactions during the financial year are as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries:				
Interest income from advances to subsidiaries	-	-	62	-
Management fee income from subsidiaries	-	-	505	664
Office support fee income from subsidiaries	-	-	55	55
Transactions with related parties:				
Rental income receivable from:				
Melewar Industrial Group Berhad	87	87	-	-
Melewar Equities Sdn Bhd	56	56	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	20	20	-	-
Melewar Equities Sdn Bhd	13	13	-	-
Human resource fee income receivable from Mycron Steel Berhad	-	143	-	143
Staff secondment fee income receivable from Melewar Integrated Engineering Sdn Bhd	-	46	-	46
Company secretarial and related fees payable to Trace Management Services Sdn Bhd	(315)	(270)	(293)	(253)

Related party receivables/payables

The balances with related parties at the end of the financial year are disclosed in Note 16 to the financial statements.

40 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- salaries	2,887	3,925	1,954	3,051
- bonus	1,291	1,009	(N1) 795	508
- defined retirement contribution plan	474	607	(N1) 435	570
- fees	16	15	-	-
- other emoluments	126	104	-	-
- estimated monetary value of benefits-in-kind	40	91	33	84
	4,834	5,751	3,217	4,213
Non-executive Directors:				
- fees	500	547	306	350
- other emoluments	149	160	133	134
- bonus	46	-	(N2) 46	-
- defined retirement contribution plan	7	-	(N2) 7	-
	702	707	492	484
	5,536	6,458	3,709	4,697
Chief Executive Officers:				
- salaries	975	2,102	276	1,373
- bonus	967	685	(N1) 515	229
- defined retirement contribution plan	126	275	(N1) 122	256
- fees	16	15	-	-
- other emoluments	108	107	-	-
- estimated monetary value of benefits-in-kind	5	53	5	53
	2,197	3,237	918	1,911
Other key management personnel:				
- short term employee benefits	2,940	3,134	2,372	2,153

(N1) included a total payment of RM597,000 from accrual in prior years
(N2) included a total payment of RM53,000 from accrual in prior years

41 SEGMENTAL INFORMATION

The following segment information has been prepared in accordance with MFRS 8 'Operating Segments', which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Group'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 2019:

- Investment holdings
- General insurance business
- Education services

The Group's other segments comprise of hire purchase, leasing and other credit activities, property management, IT consultancy and business debt factoring services, none of which has met the requirements of MFRS 8 'Operating Segment' to be separately presented as an operating segment.

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 that the Retail mortgage lending business held via associated company, CCA had ceased to be the Group's operating segment subsequent to the disposal on 27 December 2018.

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.

41 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2019

	Note	Investment holdings	General insurance	Education services	Other segments	Group
		RM'000	RM'000	RM'000	RM'000	RM'000
External revenue		9,909	176,357	7,527	607	194,400
Net earned premiums	25	-	106,928	-	-	106,928
Interest income	27	7,709	7,899	31	328	15,967
Fair value gains/(losses)	29	3,867	(4,332)	-	67	(398)
Other operating revenue from non-insurance businesses	30	238	-	7,496	170	7,904
Other (expenses)/revenue		(12,155)	6,375	(557)	(433)	(6,770)
Net claims incurred		-	(58,594)	-	-	(58,594)
Write back of impairment loss on insurance receivables	32	-	734	-	-	734
Allowance for impairment loss on trade and factoring receivables	32	-	-	(43)	(342)	(385)
Depreciation of property, plant and equipment	32	(524)	(1,224)	(481)	(13)	(2,242)
Depreciation of ROU assets	32	(847)	(1,109)	(1,428)	(116)	(3,500)
Amortisation of intangible assets	32	(46)	(20)	(14)	(3)	(83)
Other expenses		(20,551)	(58,145)	(7,458)	(2,669)	(88,823)
Finance costs	33	(89)	(34)	(126)	(14)	(263)
Segment loss before taxation		(22,398)	(1,522)	(2,580)	(3,025)	(29,525)

41 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2018

	Note	Investment holdings	General insurance	Education services	Other segments	Retail mortgage lending	Group
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue		9,247	155,774	3,607	613	-	169,241
Net earned premiums	25	-	104,021	-	-	-	104,021
Interest income	27	7,425	5,126	-	132	-	12,683
Fair value (losses)/gains	29	(27,350)	(5,032)	-	3	-	(32,379)
Other operating revenue from non-insurance businesses	30	238	-	3,607	401	-	4,246
Other (expenses)/revenue		(638)	5,939	155	429	-	5,885
Net claims incurred		-	(40,348)	-	-	-	(40,348)
Allowance for impairment loss on insurance receivables	32	-	(91)	-	-	-	(91)
Depreciation of property, plant and equipment	32	(593)	(270)	(83)	(13)	-	(959)
Amortisation of intangible assets	32	(50)	(21)	(8)	(5)	-	(84)
Other expenses		(21,251)	(54,454)	(3,649)	(2,680)	-	(82,034)
Finance costs		-	(9)	-	-	-	(9)
(Loss)/profit by segments		(42,219)	14,861	22	(1,733)	-	(29,069)
Share of profit of associates, net of tax		-	-	-	-	4,696	4,696
Segment (loss)/profit before taxation		(42,219)	14,861	22	(1,733)	4,696	(24,373)

41 SEGMENTAL INFORMATION (continued)

	Investment holdings	General insurance	Education services	Other segments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019					
Segment assets/Total assets	338,796	399,404	76,407	24,597	839,204
31 December 2018					
Segment assets/Total assets	434,950	309,770	798	11,382	756,900

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	
	2019	2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	17,776	13,121	78,658	32,064
Philippines	176,357	155,774	195,832	128,748
Indonesia	41	115	9,708	9,555
London	226	231	8,356	8,199
	194,400	169,241	292,554	178,566

42 CAPITAL MANAGEMENT

The Group's capital management underlying objectives are to manage capital and to allocate funds efficiently for business units' operations and to sustain future development of the business, 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 or capital reduction 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 RM43,000 (2018: RM79,000) as at 31 December 2019. The Company does not have any bank borrowings as at 31 December 2019.

43 RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

The Group's risk governance structure and risk reporting requirements are 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 and 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 defence 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 defence is the GARD that provides independent oversight of the risk management activities of the first line of defence. 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 defence 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 defence 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.

44 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.

44 INSURANCE RISK (continued)

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:

			31.12.2019			**31.12.2018**
	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	63,274	(36,660)	26,614	28,878	(13,669)	15,209
Motor	29,565	(99)	29,466	24,930	(286)	24,644
Marine	5,578	(2,560)	3,018	3,748	(2,159)	1,589
General accounts	4,264	(1,142)	3,122	4,084	(1,117)	2,967
Bonds	4,495	(916)	3,579	5,011	(1,493)	3,518
Personal accident	1,034	(73)	961	910	(122)	788
Engineering	4,223	(2,191)	2,032	5,388	(3,150)	2,238
	112,433	(43,641)	68,792	72,949	(21,996)	50,953

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.

44 INSURANCE RISK (continued)

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 2019					
Average claim cost	+15%	16,865	10,319	(10,319)	(7,223)
Average number of claims	+10%	11,243	6,879	(6,879)	(4,815)
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)

44 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 2019

Accident year/Development year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2010 and prior	205,326	215,785	226,313	229,003	227,188	226,610	225,936	225,936	226,026	222,965	222,965
2011	28,749	27,354	27,390	25,848	25,663	25,601	25,557	25,607	25,610	-	25,610
2012	33,582	30,686	28,408	28,116	27,954	27,873	27,719	27,666	-	-	27,666
2013	65,890	56,531	53,016	52,265	51,944	50,868	50,755	-	-	-	50,755
2014	34,908	31,296	29,563	26,980	27,115	26,547	-	-	-	-	26,547
2015	42,105	38,694	34,841	33,265	32,793	-	-	-	-	-	32,793
2016	47,960	48,790	45,989	50,129	-	-	-	-	-	-	50,129
2017	65,143	55,028	53,460	-	-	-	-	-	-	-	53,460
2018	64,416	58,331	-	-	-	-	-	-	-	-	58,331
2019	101,264	-	-	-	-	-	-	-	-	-	101,264
Current estimate of cumulative claims incurred	101,264	58,331	53,460	50,129	32,793	26,547	50,755	27,666	25,610	222,965	649,520
Cumulative payments to date	(25,590)	(40,694)	(43,468)	(44,200)	(32,238)	(25,970)	(49,658)	(27,653)	(25,585)	(222,031)	(537,087)
Gross insurance contract liabilities (excluded provision for IBNR)	75,674	17,637	9,992	5,929	555	577	1,097	13	25	934	112,433

44 INSURANCE RISK (continued)

Claims Development Table (continued)

Net General Insurance Contract Liabilities for 2019

Accident year/Development year	1	2	3	4	5	6	7	8	9	10	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010 and prior	98,789	112,768	121,951	124,746	125,689	125,396	125,146	125,165	125,187	125,327	125,327
2011	15,931	15,526	15,513	14,670	14,582	14,585	14,576	14,598	14,601	-	14,601
2012	16,352	16,969	15,879	15,885	15,874	15,845	15,736	15,725	-	-	15,725
2013	23,315	22,242	19,360	19,999	19,949	19,855	19,765	-	-	-	19,765
2014	23,552	22,608	21,552	20,360	20,315	20,212	-	-	-	-	20,212
2015	35,170	31,753	29,400	27,870	27,398	-	-	-	-	-	27,398
2016	41,833	40,829	37,539	40,326	-	-	-	-	-	-	40,326
2017	53,345	47,623	45,931	-	-	-	-	-	-	-	45,931
2018	52,430	48,397	-	-	-	-	-	-	-	-	48,397
2019	62,729	-	-	-	-	-	-	-	-	-	62,729
Current estimate of cumulative claims incurred	62,729	48,397	45,931	40,326	27,398	20,212	19,765	15,725	14,601	125,327	420,411
Cumulative payments to date	(18,208)	(36,497)	(39,229)	(35,716)	(26,918)	(19,803)	(19,611)	(15,719)	(14,598)	(125,320)	(351,619)
Net insurance contract liabilities (excluded provision for IBNR)	44,521	11,900	6,702	4,610	480	409	154	6	3	7	68,792

44 INSURANCE RISK (continued)

Claims Development Table (continued)

Gross General Insurance Contract Liabilities for 2018

Accident year/Development year	1	2	3	4	5	6	7	8	9	10	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2009 and prior	175,087	186,988	196,049	198,226	196,640	196,095	195,459	195,543	195,629	196,032	196,032
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	196,032	543,460
Cumulative payments to date	(19,620)	(39,574)	(34,693)	(31,260)	(25,067)	(48,519)	(26,943)	(24,984)	(24,729)	(195,122)	(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	910	72,949

44 INSURANCE RISK (continued)

Claims Development Table (continued)

Net General Insurance Contract Liabilities for 2018

Accident year/Development year	1	2	3	4	5	6	7	8	9	10	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2009 and prior	82,104	97,448	106,029	108,775	109,842	109,540	109,305	109,333	109,354	109,384	109,384
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	109,384	352,755
Cumulative payments to date	(19,115)	(36,313)	(30,073)	(26,065)	(19,180)	(19,227)	(15,318)	(14,255)	(12,879)	(109,377)	(301,802)
Net insurance contract liabilities (excluded provision for IBNR)	32,092	10,199	6,590	1,154	661	165	50	2	33	7	50,953

45 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 operation risk. The Group's and the Company's overall financial risk management objectives are 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 these 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 business unit 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 reinsurance contracts.

Debtor recoverability and risk concentration monitoring are part of credit risk management which is reviewed regularly. The management assesses the credit risks of borrowers based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the borrowers, actual or expected changes in the operating results of the borrowers, aging of debts, repayment patterns, changes in the value of the collaterals or the quality of third-party guarantees. Allowance for impairment loss is made based on forward looking expected credit loss basis.

45 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties. AAA is the highest possible rating. Assets that all outside the range of AAA to BBB are classified as speculative grade. Assets which are not rated by rating agencies are classified as non-rated.

GROUP

	Government Guaranteed	AAA	AA	BBB	Non-rated	Not subject to credit risk	Impaired	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2019								
Investments at FVTPL								
Equity securities	-	-	-	-	-	93,020	-	93,020
Unit trusts	-	-	-	-	-	2,308	-	2,308
Investments at FVOCI								
Government debt securities	52,150	-	-	-	-	-	-	52,150
Corporate debt securities	-	4,193	-	-	-	-	-	4,193
Equity securities	-	-	-	-	-	29,106	11,110	15,303
Investments at AC								
Government debt securities	11,255	-	-	-	-	-	12	11,267
Corporate debt securities	-	96,714	-	-	-	-	908	97,622
Private trust funds	-	-	-	-	250	-	-	250
Loans and receivables								
Staff loans	-	-	-	-	19	-	-	19
Loans from money lending, hire purchase and other credit facilities	-	-	-	-	507	-	20,300	20,807
Fixed and call deposits	-	11,802	-	-	-	-	22	11,824
Insurance receivables	-	-	-	-	56,693	-	336	57,029
Trade and other receivables	998	673	-	-	32,005	1,050	26,035	60,761
Cash and cash equivalents	-	202,512	44,544	-	165	24	65	247,310
Allowance for impairment loss	-	-	-	-	-	-	(58,788)	(58,788)
	64,403	315,894	44,544	-	89,639	125,508	-	639,988

45 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating (continued)

GROUP

	Government Guaranteed RM'000	AAA RM'000	AA RM'000	BBB RM'000	Non-rated RM'000	Not subject to credit risk RM'000	Impaired RM'000	Total 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	-	-	-	-	11,110	14,838
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	-	-	-	-	47,608	-	1,041	48,649
Trade and other receivables	521	662	93,750	23	7,676	737	22,330	125,699
Cash and cash equivalents	-	126,888	34,077	19,814	70,334	19	92	251,224
Allowance for impairment loss	-	-	-	-	-	-	(54,892)	(54,892)
	50,182	189,746	127,827	24,337	125,646	128,372	-	646,110

45 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

	AAA	AA	Not rated	Not subject to credit risk	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019						
Investments at FVTPL						
Equity securities	-	-	-	49,095	-	49,095
Investments at FVOCI						
Corporate debt securities	-	-	-	-	11,110	11,110
Loan and receivables						
Staff loans	-	-	15	-	-	15
Trade and other receivables	-	-	14,766	213	499	15,478
Cash and cash equivalents	135,180	23,272	-	5	-	158,457
Allowance for impairment loss	-	-	-	-	(11,609)	(11,609)
	135,180	23,272	14,781	49,313	-	222,546
31 December 2018						
Investments at FVTPL						
Equity securities	-	-	-	38,488	-	38,488
Unit trusts	-	-	-	1,719	-	1,719
Derivatives	-	-	-	112	-	112
Investments at FVOCI						
Corporate debt securities	-	-	-	-	11,110	11,110
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	-	-	-	-	(11,314)	(11,314)
	69,826	115,974	70,628	40,466	-	296,894

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 regularly and an adequate cushion in the form of cash and very liquid investments are maintained at all times.

45 FINANCIAL RISK (continued)

Liquidity Risk (continued)

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.

GROUP

31 December 2019

	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
Financial assets							
Investments at FVTPL							
Equity securities	93,020	-	-	-	-	93,020	93,020
Unit trusts	2,308	-	-	-	-	2,308	2,308
Investments at FVOCI							
Government debt securities	52,150	-	2,051	4,690	45,409	-	52,150
Corporate debt securities	4,193	573	3,877	2,962	1,609	-	9,021
Equity securities	29,106	4,012	8,459	11,041	18,167	1,054	42,733
Investments at AC							
Government debt securities	11,255	-	-	-	14,633	-	14,633
Corporate debt securities	96,714	-	35,042	44,582	34,515	-	114,139
Private trust funds	250	250	-	-	-	-	250
Loans and receivables							
Staff loans	19	17	2	-	-	-	19
Loans from money lending, hire purchase and other credit facilities	507	507	-	-	-	-	507
Fixed and call deposits	11,802	11,820	-	-	-	-	11,820
Reinsurance assets – provision for outstanding claims	69,349	69,349	-	-	-	-	69,349
Insurance receivables	56,693	56,693	-	-	-	-	56,693
Trade and other receivables	34,726	33,048	1,678	-	-	-	34,726
Cash and cash equivalents	247,245	247,486	-	-	-	-	247,486
	709,337	423,755	51,109	63,275	114,333	96,382	748,854
Financial liabilities							
Insurance contract liabilities – provision for outstanding claims	145,590	145,590	-	-	-	-	145,590
Lease liabilities	13,718	8,228	6,363	-	-	-	14,591
Insurance payables	22,676	22,676	-	-	-	-	22,676
Trade and other payables	91,186	91,186	-	-	-	-	91,186
	273,170	267,680	6,363	-	-	-	274,043

45 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

31 December 2018

	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**
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	4,561	21,075	11,788	-	43,031
Corporate debt securities	3,728	-	860	2,450	418	-	3,728
Equity securities	22,343	4,287	4,178	12,286	5,183	473	26,407
Investments at AC							
Government debt securities	10,992	-	-	-	14,606	-	14,606
Corporate debt securities	58,468	-	7,543	34,553	28,001	-	70,097
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	448,704	18,535	70,364	59,996	105,746	703,345
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

45 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

31 December 2019

	Carrying value	Up to a year	2 - 3 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Investments at FVTPL					
Equity securities	49,095	-	-	49,095	49,095
Loans and receivables					
Staff loans	15	13	2	-	15
Trade and other receivables	14,979	14,979	-	-	14,979
Cash and cash equivalents	158,457	158,600	-	-	158,600
	222,546	173,592	2	49,095	222,689
Financial liabilities					
Lease liabilities	402	418	-	-	418
Trade and other payables	3,095	3,095	-	-	3,095
	3,497	3,513	-	-	3,513

31 December 2018

	Carrying value	Up to a year	2 - 3 years	No maturity date	Total
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

45 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 if needed 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"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), Indonesia Rupiah ("IDR"), Philippine Peso ("PHP") and Euro ("EUR"). 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 the Company's exposure to foreign currency risk, based on carrying value amounts as at the end of the reporting period was:

GROUP

	USD	**AUD**	**SGD**	**HKD**	**THB**	**IDR**	**PHP**	**EUR**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2019									
Investments at FVTPL									
Equity securities	6,319	14,176	5,804	9,108	394	1,684	1,038	-	38,523
Insurance receivables	1,528	-	-	-	-	-	-	-	1,528
Trade and other receivables	-	-	-	-	-	-	-	14,672	14,672
Cash and cash equivalents	44,860	4,760	3,951	2,255	-	-	-	-	55,826
	52,707	18,936	9,755	11,363	394	1,684	1,038	14,672	110,549
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

45 FINANCIAL RISK (continued)

Market Risk (continued)

Currency Risk (continued)

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

COMPANY

	USD	AUD	SGD	HKD	THB	IDR	PHP	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019								
Investments at FVTPL								
Equity securities	6,319	14,176	5,804	9,108	394	1,684	1,038	38,523
Cash and cash equivalents	3,095	-	3,951	2,255	-	-	-	9,301
	9,414	14,176	9,755	11,363	394	1,684	1,038	47,824
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

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other variables held constant, showing the impact to profit after tax and equity.

	Changes in variables	USD	AUD	SGD	HKD	THB	IDR	PHP	EUR
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP									
31 December 2019	+5%	2,003	720	371	432	15	64	39	551
	-5%	(2,003)	(720)	(371)	(432)	(15)	(64)	(39)	(551)
31 December 2018	+5%	540	2,660	402	503	51	126	-	-
	-5%	(540)	(2,660)	(402)	(503)	(51)	(126)	-	-
COMPANY									
31 December 2019	+5%	358	539	371	432	15	64	39	-
	-5%	(358)	(539)	(371)	(432)	(15)	(64)	(39)	-
31 December 2018	+5%	204	330	402	503	51	126	-	-
	-5%	(204)	(330)	(402)	(503)	(51)	(126)	-	-

45 **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 short-term deposits.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact to profit after tax and equity.

	Changes in variables	31.12.2019	31.12.2018
		RM'000	RM'000
GROUP			
Interest rate	+ 100 basis points	1,762	1,347
Interest rate	- 100 basis points	(1,762)	(1,347)
COMPANY			
Interest rate	+ 100 basis points	1,118	1,144
Interest rate	- 100 basis points	(1,118)	(1,144)

The method used for deriving sensitivity information and significant variables did not change from previous year.

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 and the Company are exposed to movements in equity markets. The Group and the Company monitor and manage the equity exposure against policies set and as agreed by the Investment Committees of the Company and the 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 at FVTPL and FVOCI that comprise quoted equities, unit trusts and derivatives.

45 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 to profit after tax for investments at FVTPL and equity for investments at FVOCI.

		Impact to profit after tax	
	Changes in variables	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
GROUP			
FTSE Bursa Malaysia			
FBM KLCI	+15%	1,932	1,534
FBM KLCI	-15%	(1,932)	(1,534)
HKEX Hang Seng			
HSI	+15%	1,366	1,542
HSI	-15%	(1,366)	(1,542)
SGX Singapore Securities Market			
STI	+15%	1,818	1,291
STI	-15%	(1,818)	(1,291)
IDX Indonesia Stock Market			
JCI	+15%	253	498
JCI	-15%	(253)	(498)
SET Stock Exchange of Thailand			
SET	+15%	59	202
SET	-15%	(59)	(202)
PSE Philippines Stock Exchange			
PSEi	+15%	3,360	5,811
PSEi	-15%	(3,360)	(5,811)
ASX Australian Securities Exchange			
S&P/ASX 200	+15%	2,126	1,301
S&P/ASX 200	-15%	(2,126)	(1,301)

		Impact to equity	
	Changes in variables	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
GROUP			
PSE Philippines Stock Exchange			
PSEi	+15%	3,915	3,351
PSEi	-15%	(3,915)	(3,351)

45 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 to profit after tax for investments at FVTPL and equity for investments at FVOCI (continued).

		Impact to profit after tax	
	Changes in variables	**31.12.2019**	**31.12.2018**
		RM'000	**RM'000**
COMPANY			
FTSE Bursa Malaysia			
FBM KLCI	+15%	1,586	1,214
FBM KLCI	-15%	(1,586)	(1,214)
HKEX Hang Seng			
HSI	+15%	1,366	1,542
HSI	-15%	(1,366)	(1,542)
SGX Singapore Securities Market			
STI	+15%	1,818	1,291
STI	-15%	(1,818)	(1,291)
IDX Indonesia Stock Market			
JCI	+15%	253	498
JCI	-15%	(253)	(498)
SET Stock Exchange of Thailand			
SET	+15%	59	202
SET	-15%	(59)	(202)
PSE Philippines Stock Exchange			
PSEi	+15%	156	-
PSEi	-15%	(156)	-
ASX Australian Securities Exchange			
S&P/ASX 200	+15%	2,126	1,301
S&P/ASX 200	-15%	(2,126)	(1,301)

The method used for deriving sensitivity information and significant variables did not change from previous year.

45 FINANCIAL RISK (continued)

Operation Risk

Operation 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 for all business units to implement, measure, monitor and control the risks in order to avoid or reduce losses. Furthermore, the GRAD facilitates regular internal audit and risk review be conducted by appointed advisors on business units to ensure the current procedures adhere to all rules and regulations.

46 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 officers in the Group. 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, internal policies and procedures comply with the applicable laws and guidelines issued by the regulatory authorities.

47 ALLOWANCE FOR IMPAIRMENT LOSS

(a) Breakdown of the allowance for impairment loss by class of financial assets as at 31 December 2019 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 FVOCI					
Corporate debt securities					
Gross carrying amounts	-	11,110	-	-	11,110
Allowance for impairment loss	-	(11,110)	-	-	(11,110)
	-	-	-	-	-
Investments at AC					
Government debt securities					
Gross carrying amounts	11,267	-	-	-	11,267
Allowance for impairment loss	(12)	-	-	-	(12)
	11,255	-	-	-	11,255
Corporate debt securities					
Gross carrying amounts	97,622	-	-	-	97,622
Allowance for impairment loss	(908)	-	-	-	(908)
	96,714	-	-	-	96,714
Loans and receivables					
Loans from money lending, hire purchase and other credit facilities					
Gross carrying amounts	-	-	20,807	-	20,807
Allowance for impairment loss	-	-	(20,300)	-	(20,300)
	-	-	507	-	507
Fixed and call deposits					
Gross carrying amounts	11,824	-	-	-	11,824
Allowance for impairment loss	(22)	-	-	-	(22)
	11,802	-	-	-	11,802
Insurance receivables					
Due from brokers and agents					
Gross carrying amounts	-	-	-	52,638	52,638
Allowance for impairment loss	-	-	-	(271)	(271)
	-	-	-	52,367	52,367
Due from and fund held by ceding companies					
Gross carrying amounts	-	-	-	1,008	1,008
Allowance for impairment loss	-	-	-	(64)	(64)
	-	-	-	944	944
Reinsurance recoverable on paid losses					
Gross carrying amounts	-	-	3,383	-	3,383
Allowance for impairment loss	-	-	(1)	-	(1)
	-	-	3,382	-	3,382

47 ALLOWANCE FOR IMPAIRMENT LOSS (continued)

(a) Breakdown of the allowance for impairment loss by class of financial assets as at 31 December 2019 are shown below (continued):

	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
Trade and factoring receivables					
Gross carrying amounts	-	-	-	10,958	10,958
Allowance for impairment loss	-	-	-	(707)	(707)
	-	-	-	10,251	10,251
Amounts due from associates					
Gross carrying amounts	-	-	3,029	-	3,029
Allowance for impairment loss	-	-	(2,998)	-	(2,998)
	-	-	31	-	31
Cash and cash equivalents					
Gross carrying amounts	247,310	-	-	-	247,310
Allowance for impairment loss	(65)	-	-	-	(65)
	247,245	-	-	-	247,245
Total carrying amounts as at 31 December 2019	367,016	-	3,920	63,562	434,498

47 ALLOWANCE FOR IMPAIRMENT LOSS (continued)

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

	Stage 1 12-month ECL	Stage 2 Lifetim e ECL	Stage 3 Lifetime ECL	Simplified Approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Investments at FVOCI					
Corporate debt securities					
Gross carrying amounts	-	11,110	-	-	11,110
Allowance for impairment loss	-	(11,110)	-	-	(11,110)
	-	-	-	-	-
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
Cash and cash equivalents					
Gross carrying amounts	251,224	-	-	-	251,224
Allowance for impairment loss	(92)	-	-	-	(92)
	251,132	-	-	-	251,132
Total carrying amounts as at 31 December 2018	325,092	-	2,589	45,019	372,700

47 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 2019 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 2019					
Investments at FVOCI					
Corporate debt securities	-	11,110	-	-	11,110
Investments at AC					
Government debt securities	12	-	-	-	12
Corporate debt securities	492	-	-	-	492
Loans and receivables					
Loans from money lending, hire purchase and other credit facilities	-	-	19,794	-	19,794
Fixed and call deposits	21	-	-	-	21
Insurance receivables					
Due from brokers and agents	-	-	-	439	439
Due from and fund held by ceding companies	-	-	-	46	46
Reinsurance recoverable on paid losses	-	-	556	-	556
Cash and cash equivalents	92	-	-	-	92
	617	11,110	20,350	485	32,562
Financial assets originated or purchased					
Investments at AC					
Corporate debt securities	403	-	-	-	403
Loans and receivables					
Loans from money lending, hire purchase and other credit facilities	-	-	506	-	506
Insurance receivables					
Due from brokers and agents	-	-	-	212	212
Due from and fund held by ceding companies	-	-	-	42	42
Reinsurance recoverable on paid losses	-	-	1	-	1
Trade and factoring receivables	-	-	-	707	707
Amounts due from associates	-	-	2,998	-	2,998
	403	-	3,505	961	4,869

47 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 2019 are shown below (continued):

	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
Financial assets derecognised or repaid (not written off)					
Insurance receivables					
Due from brokers and agents	-	-	-	(391)	(391)
Due from and fund held by ceding companies	-	-	-	(26)	(26)
Reinsurance recoverable on paid losses	-	-	(572)	-	(572)
Cash and cash equivalents	(31)	-	-	-	(31)
	(31)	-	(572)	(417)	(1,020)
Currency translation differences	18	-	16	13	47
At 31 December 2019	1,007	11,110	23,299	1,042	36,458

47 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 (continued):

	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 FVOCI					
Corporate debt securities	-	11,110	-	-	11,110
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
Cash and cash equivalents	110	-	-	-	110
	543	11,110	22,388	686	34,727
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	11,110	20,350	485	32,562

48 SIGNIFICANT EVENTS DURING AND AFTER 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 31 October 2020 via Bursa Securities' letters dated 5 May 2020, 20 November 2019, 17 May 2019, 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 31 October 2020 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 31 October 2020;

(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 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 entailed 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.

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.

48 SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (continued)

(b) 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.

On 2 May 2019, the Company announced that an extraordinary general meeting ("EGM") will be held on 29 May 2019 for the Entitled Shareholders to vote for the special resolution on the Proposed SCR. The Company announced on 29 May 2019 that the special resolution for the Proposed SCR was not carried by way of poll at the EGM held on the same day.

(c) On 1 July 2019, the Company announced that the balance sale consideration of RM88,623,399.52 from the disposal of MAA Takaful Berhad ("MAA Takaful") has been released to and received by the Company and a balance of RM5,126,600.48 is still being retained by Zurich Insurance Company Ltd ("Zurich") until the Pending Purchaser Claims are resolved.

The Pending Purchase Claims relate to alleged breach of warranties, mainly comprise of claims of additional taxes and penalties imposed on MAA Takaful by the Inland Revenue Board of Malaysia. The Company has engaged its advisers and attorneys to verify and assess the accuracy and validity of these claims. The Company will make necessary announcements on further developments as and when necessary.

(d) On 25 July 2019, MAA Corporation Sdn Bhd ("MAA Corp"), the wholly-owned subsidiary of the Company has incorporated a company by the name of Kasturi Services Sdn Bhd ("Kasturi Services") with paid-up capital of RM1.00 consist of one (1) ordinary share with issue price of RM1.00. The principal activity of Kasturi Services is to carry on the business of rent-to-rent and providing rental management services for immovable properties.

(e) On 10 September 2019, MAA Corp acquired 49 ordinary shares, representing 49% of the issued and paid-up share capital of Hospitality H360 Sdn Bhd ("H360"), a company incorporated in Malaysia, for a total cash purchase consideration of RM49. The principal activities of H360 are investment holding and the provision of advisory and management of hotels.

(f) On 13 September 2019, the Company via its wholly-owned sub-subsidiary, Edumaax Sdn Bhd ("Edumaax") (formerly known as Indopelangi Sdn Bhd) entered into a Share Purchase Agreement ("SPA") with HELP International Corporation Berhad ("Seller") for the acquisition of 100% equity interest in HELP College of Arts and Technology Sdn Bhd (formerly known as HELP ICT Sdn Bhd) ("HCAT") for a total cash purchase consideration of RM5,500,000 ("Purchase Consideration") subject to further terms and conditions stipulated in SPA.

On 31 October 2019 upon the fulfilment of the conditions precedent in the SPA, the full Purchase Consideration was paid to the appointed lawyers of Seller and the Company as stakeholders. On even date, the Company has taken management control of HCAT. Notwithstanding this, the shares transfer is pending the approval from the Ministry of Education for the change in shareholder.

(g) On 20 September 2019, Edumaax entered into a Share Acquisition Agreement ("SAA") with Scholastic Ventures Sdn Bhd and PAC Edu KL Sdn Bhd, for the acquisition of 90% equity interest in Scholastic IB International Sdn Bhd ("SIB") for a total cash purchase consideration of RM27,000,000 subject to further terms and conditions stipulated in the SAA ("Acquisition of SIB").

SIB is principally involved in investment holding and its wholly-owned subsidiary companies are principally involved in:

(i) St John's International Edu Sdn Bhd - offering Cambridge lower secondary and upper secondary, IGCSE O-Level and A-Level program;
(ii) St John's International (Campus 2) Sdn Bhd – dormant; and
(iii) Alfaakademik Sdn Bhd – offering tuition/tutorial classes for Cambridge lower secondary and IGCSE O-Level.

(Companies in (i) to (iii) are collectively known as "SJI Group")

On 31 October 2019, the Acquisition of SIB has been completed in accordance with terms and conditions of the SAA.

The Acquisition of SIB and HCAT will enable the Group to expand and accelerate growth in the existing Education Services business segment by providing a wide range of education services from the existing tuition center education for national schools to secondary education for Cambridge, IGCSE O-Level, A-Level and tertiary education for certificate, diplomas, professional and post graduate degrees.

48 SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (continued)

(h) On 23 October 2019, the Company's sub-subsidiary, MAA International Corporation Ltd ("MAAIC"), which was placed under Members' Voluntary Winding Up was dissolved on 23 October 2019 after the expiration of three months from the date of the lodgement of the Return by Liquidators relating to the final meeting with the Labuan Financial Services Authority and the Official Receiver on 25 July 2019, pursuant to Section 459(5) of the Companies Act 2016.

The dissolution of MAAIC has no financial effect for the financial year ending 31 December 2019 as MAAIC has been deconsolidated from the Group on 30 August 2018.

(i) In the first quarter 2020, the rapid spread of the Covid-19 has been declared a pandemic. Globally, increasing measures are being taken to contain it, and these have led to a significant downturn in the financial markets and resulting in an adverse impact on the global business and economic activity.

There is an increasing likelihood that the Covid-19 and the continuous efforts could cause undesirable effects on the Malaysian economy. The Group is closely monitoring the developing situation and the potential impact of the spread of Covid-19 on its operations. Nevertheless, the Group's strong cash position should be able to cushion Covid-19's negative impact on its business.

List Of Substantial Shareholders' And Directors' Shareholdings

As At 30 April 2020

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2020

Name	No. of Shares Held	% of Shares [(a)]
Tunku Dato' Yaacob Khyra ("TY") *Indirect Interest*	105,777,084	39.13[(1)]
Khyra Legacy Berhad ("KLB") *Indirect Interest*	105,777,084	39.13[(2)]
Melewar Equities Sdn Bhd ("MESB") *Indirect Interest*	105,777,084	39.13[(3)]
Melewar Acquisitions Limited ("MAL") *Direct Interest*	78,839,140	29.16
Melewar Equities (BVI) Ltd ("MEL") *Direct Interest*	26,937,944	9.97

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2020

	No. of Shares Held			
Name	**Direct**	**% [(a)]**	**Direct**	**% [(a)]**
TY	-	-	105,777,084	39.13[(1)]
Yeo Took Keat	80,000	0.03	-	-

Notes:

[(a)] *The percentages of shareholdings of the Directors and Major/Substantial Shareholders are calculated by dividing the shares held by the respective Directors and Major/Substantial Shareholders with the total number of issued shares, excluding 2,981,600 treasury shares as at 30 April 2020 held by the Company pursuant to Section 127 (9) of the Companies Act, 2016. The treasury shares shall not be taken into account in calculating the number or percentage of shares held by the shareholders in the Company.*

[(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 30 April 2020

Share Capital	RM304,353,752
Class of Shares	Ordinary Shares
Total Number of Issued Shares	273,306,352
Number of Shareholders	5,127

No. Of Size Of Holdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 - 99	423	8.25	10,613	0.00
100 - 1000	810	15.80	539,576	0.20
1001 - 10000	2,604	50.79	12,555,715	4.60
10001 - 100000	1,102	21.49	35,060,924	12.83
100001 and below 5% of issued shares	186	3.63	119,362,440	43.67
5% and above of issued shares	2	0.04	105,777,084	38.70
TOTAL	**5,127**	**100.00**	**273,306,352**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 30 APRIL 2020

No.	Name	No. Of Shares Held	% Of Shares
1	MELEWAR ACQUISITIONS LIMITED	78,839,140	28.85
2	MELEWAR EQUITIES (BVI) LTD	26,937,944	9.86
3	UOB KAY HIAN NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	11,797,920	4.32
4	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CREDIT SUISSE AG (DUB CLT N-TREAT)	10,755,000	3.94
5	CIMB GROUP NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	6,649,800	2.43
6	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	5,896,666	2.16
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : FUA KIA PHA	4,428,888	1.62
8	LIM KHUAN ENG	3,080,000	1.13
9	YONG KUT SEN	2,975,200	1.09
10	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
11	ARTHUR VARKEY SAMUEL	2,000,000	0.73
12	LEE KEK MING	2,000,000	0.73
13	MICHEAL OOI CHUNG GHEE	1,919,900	0.70
14	LIM KUAN GIN	1,850,000	0.68
15	LEE KERWYN	1,797,000	0.66
16	LAM CHEE CHIANG	1,795,900	0.66
17	KENANGA NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,769,332	0.64
18	SANJEEV CHADHA	1,605,600	0.59

Statistics Of Shareholdings
As At 30 April 2020 (continued)

THIRTY LARGEST SHAREHOLDERS AS AT 30 APRIL 2020 (continued)

No.	Name	No. Of Shares Held	% Of Shares
19	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	1,576,800	0.58
20	CGS-CIMB NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,527,624	0.56
21	ONG HUNG HOCK	1,500,000	0.55
22	NIRMALA NAVINCHANDRA SHAH	1,297,000	0.47
23	GOH TECK YIEW	1,147,200	0.42
24	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	1,145,600	0.42
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG SUI YUING (E-BTL)	1,099,200	0.40
26	BALVINDER SINGH A/L BHAGWAN SINGH	1,018,200	0.37
27	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YEOW MEI LI (YEO0952C)	1,000,000	0.36
28	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.	935,500	0.34
29	PUBLIC INVEST NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	920,000	0.33
30	CHEAH SOOK PINN	900,000	0.33
	TOTAL	**182,567,514**	**66.80**

NOTICE IS HEREBY GIVEN that the 22ND ANNUAL GENERAL MEETING of the Company will be held electronically in its entirety via Remote Participation and Voting at the Broadcast Venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 30 June 2020 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS	**Resolution**
(1) To receive the Audited Financial Statements for the year ended 31 December 2019 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 RM346,800.00 for the period from 1 July 2020 to 30 June 2021 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 RM214,200.00 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 July 2020 to 30 June 2021. ***[Please refer to Explanatory Note B]***	**2**
(4) To re-elect the following Directors who are retiring in accordance with Clause 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:	
(i) Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan	**3**
(ii) Datin Seri Raihanah Begum Binti Abdul Rahman	**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 RM85,422,303.00 as at 31 December 2019 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 Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Trace Management Services Sdn Bhd **7**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature from time to time with Trace Management Services Sdn Bhd ("the Related Party") as specified in Section 3.3 of Part B of the Circular to Shareholders dated 29 May 2020 subject to the following:

(i) the RRPTs are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the Related Party than those generally available to the public, and the RRPTs are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the non-interested shareholders of the Company; and

(ii) disclosure will be made in the annual report of the aggregate value of the RRPTs conducted during the financial year with the Related Party pursuant to the shareholder mandate in accordance with the Listing Requirements of Bursa Securities;

THAT the mandate given by the shareholders of the Company is subject to annual renewal and shall only continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM 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); unless revoked or varied by resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company and/or any one of them be and are/is hereby authorised to complete and do all such acts, deeds and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

(c) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **8**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into RRPTs of a revenue or trading nature from time to time with the related parties ("the Related Parties") as specified in Section 3.4 of Part B of the Circular to Shareholders dated 29 May 2020 subject to the following:

(i) the RRPTs are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the Related Parties than those generally available to the public, and the RRPTs are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the non-interested shareholders of the Company; and

(ii) disclosure will be made in the annual report of the aggregate value of RRPTs conducted during the financial year with the Related Parties pursuant to the shareholder mandate in accordance with the Listing Requirements of Bursa Securities;

THAT the mandate given by the shareholders of the Company is subject to annual renewal and shall only continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM 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); unless revoked or varied by resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company and/or any one of them be and are/is hereby authorised to complete and do all such acts, deeds and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

(d) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act **Resolution 9**

"THAT, subject always to the Act, the Constitution 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."

BY ORDER OF THE BOARD

LILY YIN KAM MAY (MAICSA NO. 0878038)
COMPANY SECRETARY

Kuala Lumpur
29 May 2020

Notes:-

1. *As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 22nd AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") which are available on website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 22nd AGM in order to register, participate and vote remotely via the RPV.*

2. *The Broadcast Venue of the 22nd AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 22nd AGM.*

3. *Members may submit questions to the Board of Directors prior to the 22nd AGM to the Investor Relations at AngelineLim@maa.my or lily@crestcorp.com.my no later than 10.30 a.m. on Monday, 22 June 2020 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV during live streaming.*

4. *Since the 22nd AGM will be conducted via a virtual meeting, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.*

5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

6. *Where a member is an Exempt Authorised Nominee which holds ordinary 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*

8. *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.*

9. *Any alteration in the form of proxy must be initialed.*

10. *For the purpose of determining a member who shall be entitled to attend this 22nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clauses 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 June 2020. Only a depositor whose name appears on the Record of Depositors as at 22 June 2020 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.*

11. 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 Act 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 Act 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 2020 until 30 June 2021.

The benefits comprise 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.

12. 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) Recurrent Related Party Transactions (Resolutions 7 and 8)

The Proposed Resolutions 7 and 8, if passed, will allow the Company to enter into RRPTs in accordance with Paragraph 10.09 of the Listing Requirements of Bursa Securities and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

(C) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Resolution 9)

The Ordinary Resolution proposed under Resolution 9 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 9, 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 21st AGM held on 29 May 2019 and which will lapse at the conclusion of the 22nd AGM to be held on 30 June 2020.

13. 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 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 29 May 2020 which is despatched together with the Company's 2019 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 22nd AGM of the Company are set out in the Directors' Profile on pages 009 and 010 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 22nd AGM of the Company.

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NOTICE There will be no distribution of e-vouchers

Form Of Proxy
(please refer to the notes below)

No. of shares held	CDS Account No.

MAA GROUP BERHAD
Reg. No. 199801015274 (471403-A)
(Incorporated In Malaysia)

I/We ______________________________ NRIC No./Co. No./CDS No.: ______________________________
(Full Name in Block Letters)

of ______________________________
(Full Address and Contact No.)

being a member/members of **MAA GROUP BERHAD** hereby appoint * Chairman of the meeting or

Name of Proxy:		Full Address:	
NRIC No:		Contact No & email address:	

or failing him/her

Name of Proxy:		Full Address:	
NRIC No:		Contact No & email address:	

as *my/our proxy to vote for *me/us and on *my/our behalf at the **22nd Annual General Meeting ("AGM")** of the Company to be conducted **fully virtual** at the Broadcast Venue at **Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 30 June 2020 at 10.00 a.m. (through live streaming and online remote voting)** or at any adjournment thereof on the following resolutions referred to in the Notice of 22nd AGM. My/our proxy is to vote as indicated below:-

Resolution	Ordinary Business	For	Against
1	To approve the payment of Directors' fees of RM346,800.00 for the period from 1 July 2020 to 30 June 2021 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 RM214,200.00 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 July 2020 until 30 June 2021.		
	To re-elect the following Directors who are retiring in accordance with Clause 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:		
3	(i) Tunku Dato' Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan		
4	(ii) Datin Seri Raihanah Begum Binti Abdul Rahman		
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 Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Trace Management Services Sdn Bhd.		
8	To approve the Proposed of Shareholders' Mandate for Recurrent Related Party Transactions.		
9	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

[Please indicate with a "✓" or "x" 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 ____________ 2020

____
[Signature of Shareholder(s)/Common Seal]

NOTES:-

1. *As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 22nd AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") which are available on website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 22nd AGM in order to register, participate and vote remotely via the RPV.*
2. *The Broadcast Venue of the 22nd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 22nd AGM.*
3. *Members may submit questions to the Board of Directors prior to the 22nd AGM to the Investor Relations at AngelineLim@maa.my or lily@crestcorp.com.my no later than 10.30 a.m. on Monday, 22 June 2020 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV during live streaming.*
4. *Since the 22nd AGM will be conducted via a virtual meeting, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.*
5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6. *Where a member is an Exempt Authorised Nominee which holds ordinary 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
8. *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.*
9. *Any alteration in the form of proxy must be initialed.*
10. *For the purpose of determining a member who shall be entitled to attend this 22nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clauses 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 June 2020. Only a depositor whose name appears on the Record of Depositors as at 22 June 2020 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.*
11. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 22nd 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, 11th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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NOTICE
There will be no distribution of e-vouchers

www.maa.my

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