NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally engaged in investment holding and providing management services, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year, other than the significant events as disclosed in Note 49 to the financial statements.

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

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

Registered office

Suite 12.03,12th Floor
No.566, Jalan Ipoh
51200 Kuala Lumpur

Principal place of business

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

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 April 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

The discontinued operations for the financial year ended 31 December 2015 represent MAACA Corporate Services Sdn Bhd, a subsidiary disposed during the financial year and MAA Cards Sdn Bhd, a subsidiary where the Group had signed a conditional Share Sale Agreement for the proposed disposal of the company as disclosed in Note 49(b) and (d) to the financial statements respectively, whereas the discontinued operations for the preceding financial year ended 31 December 2014 represent Chelsea Parking Services Sdn Bhd, Nilam Timur Sdn Bhd and MAACA Labuan Ltd which were disposed during that year. However, to conform to the current financial year's presentation of financial statements, the preceding financial year's results of these subsidiaries have been reclassified from continuing operations to discontinued operations for comparative purposes.

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

The following amendments and improvements to MFRSs have been adopted by the Group and the Company for the financial year beginning on or after 1 January 2015:

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.1 **Basis of preparation** (continued)

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

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

Effective from financial year beginning on/after 1 January 2016

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

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

Effective from financial year beginning on/after 1 January 2018

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

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

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

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

- MFRS 15 'Revenue from contracts with customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

2.2 **Basis of consolidation**

(a) Subsidiaries

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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

Acquisition-related costs are expensed as incurred.

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

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

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

Inter-company transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the associate in income statements, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments in behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

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

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

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognized in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statement.

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

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

2.3 Investments in subsidiaries and associates

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

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

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies

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

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

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

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

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

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

2.6 Property, plant and equipment ('PPE')

(a) Cost

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

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

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

(b) Depreciation and residual value

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

(b) **Depreciation and residual value** (continued)

The annual depreciation rates are as follows:

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

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

(c) **Impairment**

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

(d) **Gains and losses on disposals**

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

(e) **Revaluation reserves**

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

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

2.7 **Investment properties**

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

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

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

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

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

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

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

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.8 Intangible assets

Computer software

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

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

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

2.9 Impairment of non-financial assets

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

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

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

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

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

2.11 Financial assets

(a) Classification

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

Financial assets at FVTPL

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.11 **Financial assets** (continued)

(a) **Classification** (continued)

HTM financial assets

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

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

Loans and receivables

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

AFS financial assets

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

(b) **Recognition and initial measurement**

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

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

(c) **Subsequent measurement – Gains and losses**

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

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

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

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

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

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

Assets carried at amortised cost

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

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

Assets carried at amortised cost (continued)

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

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

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

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

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

AFS financial assets

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

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

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

(e) De-recognition

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

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

2.12 Financial instruments

Description

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

Recognition method

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

Offsetting financial instruments

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

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

2.13 Fair value of financial instruments

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

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

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

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

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

2.14 Loans

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Insurance/takaful receivables

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

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

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

2.16 Trade and other receivables

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

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised costs using the effective interest method, less provision for impairment loss. See accounting policy Note 2.9 on impairment of non-financial assets.

2.17 Operating leases

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

2.18 Finance leases - lessor

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

2.19 Borrowings

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

2.20 Cash and cash equivalents

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

Cash and cash equivalents include cash and bank balances and fixed and call deposits with financial institutions, with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.21 Contingent liabilities and contingent assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Provisions

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

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

2.23 Employee benefits

Short-term employee benefits

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

Post employment benefits

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

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

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

2.24 Other financial liabilities and insurance/takaful payables

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

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

2.25 Share capital

(a) Classification

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

(b) Share issue expenses

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

(c) Dividend distribution

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Treasury shares

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

2.27 Product classification

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

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

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

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

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

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

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

2.28 Reinsurance/retakaful

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Reinsurance/retakaful (continued)

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

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

2.29 Insurance contracts - General insurance business

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

Gross premiums

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

Reinsurance premiums

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

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

Premium liabilities

Premium liabilities refer to the higher of:

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Insurance contracts - General insurance business (continued)

Claims and expenses

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

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

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

Acquisition costs

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

2.30 Takaful contracts - General takaful business

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

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

Gross contributions

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

Retakaful contributions

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

Unearned contribution reserves

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

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

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

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

Provision for outstanding claims

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Takaful contracts - General takaful business (continued)

Commission and agency expenses

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

Deficit/accumulated deficits

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

2.31 Takaful contracts - Family takaful business

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

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

Gross contributions

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

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

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

Retakaful contributions

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

Provision for outstanding claims

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

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

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

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

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

Deficit/accumulated deficits

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Insurance/takaful contract liabilities

Family takaful contract liabilities

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

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

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

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

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

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

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

General insurance and General takaful contract liabilities

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

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

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

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

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

2.33 Shareholders' fund's expense liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.34 Measurement and impairment of Qardhul Hassan

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

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

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

2.35 Management expenses, commission expenses and wakalah fees

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

2.36 Other revenue recognition

Interest and profit income

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

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

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

Rental income

Rental income on investment property is recognised on receipt basis.

Dividend income

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

Other fee income

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

Realised gains and losses on investments

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

Fees and commission income

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.37 Current and deferred income tax

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

Current tax

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

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

Deferred tax

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

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

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

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

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

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

2.38 Zakat

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

2.39 Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Critical accounting estimates and assumptions

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

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

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

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

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

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

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

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

(ii) Actuarial liabilities for Family takaful fund

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

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

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

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

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

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

(a) Critical accounting estimates and assumptions (continued)

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

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

  This fund consists of six products, CancerCare, SmartMedic, Medica*2015*, Patina*2016*, Term 80 and Takafulife Series.

  CancerCare is a guaranteed renewable medical takaful product with an additional death benefit. The contribution reserve is calculated at 100% of UTR using 1/24th method. For the death benefit, the reserve is calculated by taking the higher of UTR or Gross Premium Valuation ("GPV"), where GPV is using M9903 mortality table discounted at risk free spot rates of returns.

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

  Medica*2015* is another individual Hospital and Surgical product with guaranteed renewability up to age 79. It also provides additional benefits such as funeral expense payable upon death due to all causes, no claim discount ("NCD") and second medical opinion. The reserve is set aside in similar manner to SmartMedic reserving.

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

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

- Group Fund Risk Investment Account ("GFRIA")

  Currently there are 4 Group products namely Group Term takaful ("GTT"), Group Comprehensive Takaful Scheme ("GCTS"), Group Mortgage Protection Plan and Group Decreasing Term.

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

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

- Expense liabilities for Family takaful products

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

- Expense liabilities for General takaful products

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

4 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
At 1 January 2014	2,402	30,542	4,861	4,808	1,015	43,628
Additions	-	1,342	4	436	-	1,782
Transferred from other assets classified as held for sale (Note 15 (B))	178	-	-	-	-	178
Arising from the disposed subsidiaries (Note 36(c) and (d))	(2,402)	-	(591)	-	-	(2,993)
Disposals	-	(671)	(121)	(19)	-	(811)
Write off	-	(8,460)	(4)	(365)	-	(8,829)
Currency translation differences	-	-	(43)	-	-	(43)
At 31 December 2014 / 1 January 2015	178	22,753	4,106	4,860	1,015	32,912
Additions	-	1,031	627	23	-	1,681
Transferred to assets classified as held for sale (Note 15 (A))	-	(69)	-	-	-	(69)
Arising from deconsolidation of a subsidiary (Note 38)	-	(298)	(153)	-	-	(451)
Transferred to intangible assets (Note 6)	-	(30)	-	-	-	(30)
Disposals	-	(549)	(1,358)	-	-	(1,907)
Write off	-	(92)	-	-	-	(92)
At 31 December 2015	178	22,746	3,222	4,883	1,015	32,044

4 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

	Leasehold land	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation						
At 1 January 2014	30	17,349	3,333	1,073	-	21,785
Depreciation for the financial year (Note 30)	-	2,546	390	475	63	3,474
Amortisation for the financial year (Note 30)	25	-	-	-	-	25
Arising from the disposed subsidiaries (Note 36(c) and (d))	(53)	-	(532)	-	-	(585)
Disposals	-	(431)	(120)	(4)	-	(555)
Write off	-	(8,456)	(1)	(74)	-	(8,531)
Currency translation differences	-	(6)	(36)	-	-	(42)
At 31 December 2014 / 1 January 2015	2	11,002	3,034	1,470	63	15,571
Depreciation for the financial year (Note 30)	-	2,521	323	447	64	3,355
Amortisation for the financial year (Note 30)	2	-	-	-	-	2
Transferred to assets classified as held for sale (Note 15 (A))	-	(50)	-	-	-	(50)
Arising from deconsolidation of a subsidiary (Note 38)	-	(269)	(153)	-	-	(422)
Transferred to intangible assets (Note 6)	-	(7)	-	-	-	(7)
Disposals	-	(537)	(1,299)	-	-	(1,836)
Write off	-	(26)	-	-	-	(26)
At 31 December 2015	4	12,634	1,905	1,917	127	16,587

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

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

GROUP

	Leasehold land	Furniture, fittings and equipment	Motor vehicles	Renovation	Yacht	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment loss						
At 1 January 2014	-	-	-	-	-	-
Impairment loss for the financial year (Note 28)	44	-	-	-	-	44
At 31 December 2014 / 1 January 2015	44	-	-	-	-	44
Impairment loss for the financial year (Note 28)	-	-	-	-	838	838
At 31 December 2015	44	-	-	-	838	882
Net book value						
At 31 December 2014	132	11,751	1,072	3,390	952	17,297
At 31 December 2015	130	10,112	1,317	2,966	50	14,575

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

4 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2014	1,291	2,092	819	4,202
Additions	94	4	1	99
Disposals	(36)	-	-	(36)
Write off	(44)	(4)	(46)	(94)
At 31 December 2014 / 1 January 2015	1,305	2,092	774	4,171
Additions	53	549	-	602
Disposals	(12)	(589)	-	(601)
Write off	(4)	-	-	(4)
At 31 December 2015	1,342	2,052	774	4,168
Accumulated depreciation				
At 1 January 2014	487	1,377	159	2,023
Depreciation for the financial year (Note 30)	139	209	77	425
Disposals	(18)	-	-	(18)
Write off	(42)	(1)	(5)	(48)
At 31 December 2014 / 1 January 2015	566	1,585	231	2,382
Depreciation for the financial year (Note 30)	141	205	77	423
Disposals	(8)	(531)	-	(539)
Write off	(4)	-	-	(4)
At 31 December 2015	695	1,259	308	2,262
Net book value				
At 31 December 2014	739	507	543	1,789
At 31 December 2015	647	793	466	1,906

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

5 INVESTMENT PROPERTIES

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

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

Fair value hierarchy

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

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

Level 2 – fair value is estimated using inputs that are observable for the properties, either directly or indirectly.

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

The fair value of investment properties are categorised as follows:

	GROUP			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2015	-	9,669	9,687	19,356
31 December 2014	-	6,840	8,006	14,846

The investment properties under Level 2 of the fair value hierarchy are measured in whole by reference to inputs other than quoted prices included within Level 1 that are observable for the investment property either directly or indirectly. The investment properties are valued using the comparison method – recent transactions and asking prices of similar properties in the locality are analysed for comparison purpose characteristics to arrive at the fair values.

The fair value of investment properties under Level 3 of the fair value hierarchy is determined by external valuation based on the comparison approach using significant unobservable inputs with adjustments made for difference in location, size, age and the condition of the property, if any, and other relevant characteristics to arrive at the market value.

The Company's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period. As at 31 December 2014, certain investment properties with fair value of RM8,005,760 previously under Level 2 had been transferred to Level 3 fair value hierarchy due to the significant unobservable inputs used in the valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

5 INVESTMENT PROPERTIES (continued)

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

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

Investment property	Fair value as at 31 December 2014	Valuation technique	Range of average price per square meter	Relationship of unobservable inputs to fair value
	RM'000		RM	
Nagasutra Villa, Bali	8,006	Comparison approach	3,574 to 4,124	The higher the average price per square meter, the higher the fair value

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

6 INTANGIBLE ASSETS

GROUP

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

6 **INTANGIBLE ASSETS** (continued)

COMPANY

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

Computer software

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

7 SUBSIDIARIES

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

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

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

Details of the subsidiaries are as follows:

		31.12.2015		31.12.2014		
Name of company	**Country of incorporation**	**Group's effective interest**	**Non-controlling interests**	**Group's effective interest**	**Non-controlling interests**	**Principal activities**
		%	%	%	%	
MAA Corporation Sdn Bhd ("MAA Corp")	Malaysia	100	-	100	-	Providing property management services and investment holding
MAA Takaful Berhad	Malaysia	75	25	75	25	General takaful and Family takaful businesses
Subsidiaries of MAA Corp						
MAA-Medicare Sdn Bhd	Malaysia	100	-	100	-	Operation of charitable kidney dialysis centres
MAA Credit Berhad	Malaysia	100	-	100	-	Hire purchase, leasing and other credit activities
MAA International Assurance Ltd	Labuan, Malaysia	100	-	100	-	Investment holding
MAA Holdings (BVI) Ltd	British Virgin Islands	100	-	100	-	Providing insurance technical and financial consultancy services
MAA Corporate Advisory Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

		31.12.2015		31.12.2014		
Name of company	Country of incorporation	Group's effective interest	Non-controlling interests	Group's effective interest	Non-controlling interests	Principal activities
		%	%	%	%	
Subsidiaries of MAA Corp (continued)						
MAA International Corporation Ltd	Malaysia	100	-	100	-	Investment holding
MAA International Investments Ltd	Malaysia	100	-	100	-	Investment holding
Menang Bernas Sdn Bhd	Malaysia	100	-	100	-	Dormant
MAA Cards Sdn Bhd	Malaysia	100	-	100	-	Business of prepaid cards and services
# MaaxSite Sdn Bhd	Malaysia	100	-	100	-	Dormant
# MaaxClub Sdn Bhd	Malaysia	100	-	100	-	Dormant
Subsidiary of MAA Corporate Advisory Sdn Bhd						
MAACA Corporate Services Sdn Bhd(1)	Malaysia	-	-	100	-	Dormant
Subsidiary of MAA International Assurance Ltd						
# PT MAA General Assurance(2)	Indonesia	-	-	83	17	General insurance business
Subsidiaries of MAA International Investments Ltd						
# MAA Mutualife Philippines, Inc	Philippines	100	-	100	-	Unit trust funds management
#Columbus Capital Singapore Pte Ltd	Singapore	100	-	100	-	Investment holding
Subsidiary of MAA International Corporation Ltd						
#MAA Corporate & Compliance Phils. Inc.	Philippines	100	-	100	-	Investment holding and providing management services

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

7 **SUBSIDIARIES** (continued)

Details of the subsidiaries are as follows: (continued)

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

Subsidiaries not audited by PricewaterhouseCoopers Malaysia.

(1) Disposed during the financial year.

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

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

7 SUBSIDIARIES (continued)

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

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

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

Summarised statement of financial position

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

7 SUBSIDIARIES (continued)

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

Summarised income statements and statement of other comprehensive income

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

Summarised statement of cash flows

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

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

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

8 ASSOCIATES

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

The details of the associates are as follows:

		Group's effective interest		
Name of company	**Country of incorporation**	**31.12.2015**	**31.12.2014**	**Principal activities**
		%	%	
MAA Bancwell Trustee Berhad	Malaysia	49	49	Inactive
Meridian Asset Management Holdings Sdn Bhd	Malaysia	40	40	Investment holding
Associate of MAA International Assurance Ltd				
MAA General Assurance Philippines, Inc	Philippines	40	40	General insurance business
Associate of Columbus Capital Singapore Pte Ltd				
Columbus Capital Pty Limited	Australia	48	48	Retail mortgage lending and loan securitisation
Subsidiaries of Meridian Asset Management Holdings Sdn Bhd				
Meridian Asset Management Sdn Bhd [1]	Malaysia	-	40	Fund management and investment advisory services
Meridian Asset Management (Asia) Ltd [2]	Malaysia	-	40	Fund management and investment advisory services

[1] Under liquidation by the order of High Court on 7 August 2015

[2] Disposed during the financial year

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

8 ASSOCIATES (continued)

Set out below is the summarised financial information for material associates of the Group:

Summarised statement of financial position

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

Summarised statement of income and statement of other comprehensive income

	Columbus Capital Pty Limited		MAA General Assurance Philippines, Inc	
	Financial year ended 31 December		Financial year ended 31 December	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue	209,886	255,820	78,531	49,367
Profit before taxation	3,933	1,005	7,657	5,772
Taxation	(1,199)	(490)	(1,461)	(589)
Profit for the financial year	2,734	515	6,196	5,183
Other comprehensive (loss)/income for the financial year	-	-	(1,308)	7,212
Total comprehensive income for the financial year	2,734	515	4,888	12,395
Dividends received from associates	-	-	-	-

8 **ASSOCIATES** (continued)

Reconciliation of summarised financial information

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

	Columbus Capital Pty Limited	MAA General Assurance Philippines, Inc	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	43,233	16,400	1,864	61,497
Share of profit	247	2,073	-	2,320
Share of other comprehensive income	-	2,913	-	2,913
De-recognition of an associate to AFS investments[*]				
- Cost of investment	-	-	(57)	(57)
- Share of post acquisition loss	-	-	(1,807)	(1,807)
	-	-	(1,864)	(1,864)
At 31 December 2014 / 1 January 2015	43,480	21,386	-	64,866
Share of profit	1,311	2,479	-	3,790
Share of other comprehensive loss	-	(702)	-	(702)
At 31 December 2015	44,791	23,163	-	67,954

[*] During the previous financial year ended 31 December 2014, the Group re-assessed its ability to exercise significant influence on Nishio Rent (All) Sdn Bhd. Based on that assessment, the Group determined that it no longer had significant influence over Nishio Rent (All) Sdn Bhd. Consequently the investment was derecognised as an associate and reclassified to AFS investments.

Unrecognised share of losses of associate

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

9 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

GROUP

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

9 **DEFERRED TAX** (continued)

GROUP

				31.12.2014
	Shareholders' fund	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	-	3,213	607	3,820
Deferred tax liabilities	(911)	-	-	(911)
	(911)	3,213	607	2,909
Current	-	-	601	601
Non-current	(911)	3,213	6	2,308
	(911)	3,213	607	2,909
At 1 January 2014	(2,282)	47	(1,689)	(3,924)
Credited/(charged) to income statement (Note 32):				
- property, plant and equipment	(27)	-	-	(27)
- financial assets at FVTPL	3	-	2,269	2,272
- allowance for impairment loss	-	3,137	-	3,137
- expense liabilities	1,095	-	-	1,095
- unutilised tax losses	137	-	-	137
	1,208	3,137	2,269	6,614
Credited to other comprehensive income:				
- AFS financial assets	163	-	-	163
Credited to takaful contract liabilities:				
- AFS financial assets	-	29	27	56
At 31 December 2014	(911)	3,213	607	2,909
Subject to income tax:				
Deferred tax assets (before offsetting)				
AFS financial assets	64	76	6	146
Financial assets at FVTPL	3	-	601	604
Allowance for impairment loss	-	3,137	-	3,137
Expense liabilities	1,095	-	-	1,095
Unutilised tax losses	137	-	-	137
	1,299	3,213	607	5,119
Offsetting	(1,299)	-	-	(1,299)
Deferred tax assets (after offsetting)	-	3,213	607	3,820
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(2,210)	-	-	(2,210)
Offsetting	1,299	-	-	1,299
Deferred tax liabilities (after offsetting)	(911)	-	-	(911)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

9 DEFERRED TAX (continued)

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

The amounts of deductible temporary differences, unutilised tax losses and unabsorbed capital allowances (all of which have no expiry date) for which no deferred tax assets are recognised in the statement of financial position as it is not probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised, are as follows:

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

10 INVESTMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

10 INVESTMENTS (continued)

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

10 **INVESTMENTS** (continued)

Carrying values of financial assets

The movements in the Group and the Company's financial assets (excluding loans and receivables) are summarised in the table below by measurement category:

GROUP

	FVTPL RM'000	AFS RM'000	HTM RM'000	Total RM'000
At 1 January 2014	294,722	214,361	40,881	549,964
Reclassification from other receivables	-	234	-	234
Arising from derecognition of an associate	-	1,756	-	1,756
Purchases	350,413	28,529	-	378,942
Disposals including maturities and redemptions	(294,405)	(32,092)	-	(326,497)
Dividend income capitalised	63	-	-	63
Fair value gain/(loss) recorded in:				
Income statement (Note 25)	(30,360)	-	-	(30,360)
Other comprehensive income/(loss)				
- Gross fair value changes	-	(1,599)	-	(1,599)
Insurance/takaful contract liabilities				
- Gross fair value changes (Note 16)	-	(98)	-	(98)
Movement in accrued interest/profit	695	(563)	122	254
Amortisation of premiums (Note 23)	-	(945)	(1)	(946)
Arising from disposed subsidiary (Note 36(c))	-	(620)	-	(620)
Currency translation differences	(123)	1,751	-	1,628
At 31 December 2014 / 1 January 2015	321,005	210,714	41,002	572,721
Purchases	409,769	36,004	-	445,773
Disposals including maturities and redemptions	(388,779)	(100,426)	-	(489,205)
Capital reduction	-	(3,389)	-	(3,389)
Dividend income capitalised	60	-	-	60
Fair value gain/(loss) recorded in:				
Income statement (Note 25)	13,543	-	-	13,543
Other comprehensive income/(loss)				
- Gross fair value changes	-	(1,111)	-	(1,111)
Insurance/takaful contract liabilities				
- Gross fair value changes (Note 16)	-	91	-	91
Movement in accrued interest/profit	(755)	(516)	(369)	(1,640)
Amortisation of premiums (Note 23)	-	(694)	(1)	(695)
Arising from deconsolidation of a subsidiary (Note 38)	-	(1,586)	-	(1,586)
Currency translation differences	12	5,623	-	5,635
At 31 December 2015	354,855	144,710	40,632	540,197

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

10 INVESTMENTS (continued)

Carrying values of financial assets (continued)

The movements in the Group and the Company's financial assets (excluding loans and receivables) are summarised in the table below by measurement category: (continued)

COMPANY

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

10 INVESTMENTS (continued)

Fair values of investments

The following tables show the analysis of the different hierarchy of fair values for investments recorded at fair values and investments not measured at fair value but the fair values are disclosed:

GROUP

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2014				
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	1,874	-	-	1,874
Unit trusts quoted outside Malaysia	-	72	-	72
Investment-linked units	9,487	-	-	9,487
	11,361	72	-	11,433
Designated at FVTPL:				
Shariah-approved equity securities quoted in Malaysia	221,582	-	-	221,582
Islamic debt securities unquoted in Malaysia	-	87,990	-	87,990
	221,582	87,990	-	309,572
	232,943	88,062	-	321,005
(b) AFS financial assets				
Equity securities unquoted in Malaysia	-	-	1,523	1,523
Equity securities quoted outside Malaysia	318	-	-	318
Equity securities unquoted outside Malaysia	-	1	27,584	27,585
Corporate debt securities unquoted in Malaysia	-	34,647	-	34,647
Government debt securities unquoted outside Malaysia	-	1,544	-	1,544
Islamic debt securities unquoted in Malaysia	-	145,097	-	145,097
	318	181,289	29,107	210,714
(c) HTM financial assets				
Malaysian Government Guaranteed Financing	-	39,613	-	39,613

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

10 **INVESTMENTS** (continued)

Fair values of investments (continued)

The following tables show the analysis of the different hierarchy of fair values for investments recorded at fair values and investments not measured at fair value but the fair values are disclosed: (continued)

GROUP

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

10 INVESTMENTS (continued)

Fair values of investments (continued)

GROUP

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

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

The investments above are classified within Level 3 investment for valuation techniques as non-market observable inputs are used. They comprised investments in equity securities of corporation, unquoted in and outside Malaysia. The valuation techniques use the Net Asset Value ("NAV") as a practical expedient to derive the fair values of the investments.

There was no transfer among Level 1, 2, and 3 during the financial year ended 31 December 2015.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Executive Committee. The finance team regularly reviews significant unobservable inputs and valuation adjustments.

The significant unobservable input for the investment above is NAV per share. The higher the NAV per share, the higher the estimated fair value.

Sensitivities

		Impact on	
	Change in variables	Fair value	Equity
	%	RM'000	RM'000
31 December 2015			
Net asset value	+10%	2,997	2,248
	-10%	(2,997)	(2,248)
31 December 2014			
Net asset value	+10%	2,911	2,183
	-10%	(2,911)	(2,183)

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

10 **INVESTMENTS** (continued)

Fair values of investments (continued)

COMPANY

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

Included in the quoted market price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm's length basis. These are considered as Level 1 investments.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, fair values are based on broker quotes and discounted cash flow are considered as Level 2 investments.

Non-market observable inputs means that fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, there is an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. These are considered as Level 3 investments.

11 LOANS AND RECEIVABLES

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

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

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

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

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

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

The total loans portfolio from leasing, hire purchase and others as at 31 December 2015 included non-performing loans ("NPL") amounting to RM24,464,000 (2014: RM24,565,000), where full allowance for impairment loss has been made. The borrowers of these NPL have committed repayments on agreed fixed repayment schedules and certain NPL are collateralised by properties and/or shares. The Group has assessed the values of the collaterals and/or committed cashflows stream based on the methods prescribed in Note 2.14 to the financial statements and made allowance for impairment loss where appropriate.

The fair values of the collaterals of loans held by the Group as at the date of the statement of financial position was RM13,128,000 (2014: RM10,484,000).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

11 LOANS AND RECEIVABLES (continued)

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

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

12 INSURANCE/TAKAFUL RECEIVABLES

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

Offsetting financial assets and financial liabilities

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

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

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

12 INSURANCE/TAKAFUL RECEIVABLES (continued)

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

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

13 TRADE AND OTHER RECEIVABLES

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

13 TRADE AND OTHER RECEIVABLES (continued)

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

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

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

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

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

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

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

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

(a) an amount of RM19,295,000 ("Escrow Amount") being the balance sale proceed from the disposal of MAAKL Mutual Berhad to Manulife Holdings Berhad ("Manulife"). The Escrow Amount together with accrued interest, less any amount paid by the escrow agent in connection with any claims for a breach of any of the warranties or indemnities stated in the sale and purchase agreement to Manulife, shall be paid to the vendors on the date falling after 24 months from the sale completion date; and

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

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

(a) an amount of RM20,005,000 (2014: RM19,357,000) ("Extended Sum") extended by the Company to PIMA Pembangunaan Sdn Bhd ("PIMA") relating to the Company's obligations to obtain and deliver the individual strata title for Block A of Prima Avenue Klang ("PAK") to Zurich Insurance Company Ltd ("Zurich") under the conditions precedent in the Settlement Agreement signed with Zurich in 2011 on the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

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

14 CASH AND CASH EQUIVALENTS

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

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

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

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

(B) OTHER ASSETS HELD FOR SALE

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

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

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES

	Note	GROUP 31.12.2015			31.12.2014		
		Gross	Re-insurance/ retakaful	Net	Gross	Re-insurance/ retakaful	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General insurance	(a)	-	-	-	34,857	(6,509)	28,348
Family takaful	(b)	465,993	(12,399)	453,594	445,980	(14,535)	431,445
General takaful	(c)	380,799	(258,009)	122,790	366,291	(280,382)	85,909
		846,792	(270,408)	576,384	847,128	(301,426)	545,702

(a) General insurance

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

	GROUP 31.12.2015			31.12.2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	-	-	-	33,393	(6,394)	26,999
Provision for IBNR	-	-	-	1,462	(114)	1,348
Claim liabilities (i)	-	-	-	34,855	(6,508)	28,347
Premium liabilities (ii)	-	-	-	2	(1)	1
	-	-	-	34,857	(6,509)	28,348

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(a) General insurance (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(b) Family takaful

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

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

(c) **General takaful**

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (continued)

(c) General takaful (continued)

(iii) AFS reserves

	Gross RM'000	Deferred tax RM'000	Net RM'000
At 1 January 2014	(187)	47	(140)
Fair value changes arising from AFS financial assets	(180)	45	(135)
Transferred to Income Statement upon disposal of AFS financial assets	64	(16)	48
	(116)	29	(87)
At 31 December 2014 / 1 January 2015	(303)	76	(227)
Fair value changes arising from AFS financial assets	(167)	43	(124)
Transferred to Income Statement upon disposal of AFS financial assets	188	(48)	140
	21	(5)	16
At 31 December 2015	(282)	71	(211)

(iv) Unallocated surplus

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

17 INSURANCE/TAKAFUL PAYABLES

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

Offsetting financial assets and financial liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

18 TRADE AND OTHER PAYABLES

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

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

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

19 SHARE CAPITAL

	GROUP/COMPANY	
	31.12.2015	31.12.2014
	RM'000	RM'000
Authorised ordinary shares of RM1 each:		
At beginning and end of financial year	500,000	500,000
Issued and fully paid ordinary shares of RM1 each:		
At beginning of financial year	304,354	304,354
Cancellation of treasury shares (Note 20)	(11,661)	-
At end of financial year	292,693	304,354

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

20 TREASURY SHARES

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

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

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

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

<u>Movement in the share buy-back</u>

	Number of shares	Total purchase costs	Purchase price per share		Average price per share
			Lowest	Highest	
	'000	RM'000	RM	RM	RM
At 1 January 2014	-	-			-
September	100	68	0.67	0.68	0.68
October	679	424	0.62	0.63	0.62
December	1,246	820	0.65	0.66	0.66
Total purchased in 2014	2,025	1,312			0.65
At 31 December 2014 / 1 January 2015	2,025	1,312			0.65
January	1,622	1,084	0.66	0.67	0.67
February	696	474	0.68	0.68	0.68
July	300	218	0.73	0.73	0.73
August	6,568	4,627	0.70	0.71	0.70
September	312	228	0.72	0.72	0.73
October	138	103	0.75	0.75	0.75
December	509	444	0.87	0.88	0.87
Total purchased in 2015	10,145	7,178			0.71
Cancellation of treasury shares	(11,661)	(8,046)			
At 31 December 2015	509	444			0.87

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

21 RETAINED EARNINGS AND RESERVES

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

Movement in retained earnings

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

Movement in foreign exchange reserves

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

21 RETAINED EARNINGS AND RESERVES (continued)

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

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

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

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

With effect from 1 January 2014, the Company will distribute single-tier dividends under the single-tier system to its shareholders out of its retained earnings if dividends are declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

22 NET EARNED PREMIUMS/CONTRIBUTIONS

CONTINUING OPERATIONS

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

23 INVESTMENT INCOME

CONTINUING OPERATIONS

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

23 INVESTMENT INCOME (continued)

DISCONTINUED OPERATIONS (Note 33)

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

24 REALISED GAINS AND LOSSES - NET

CONTINUING OPERATIONS

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

24 REALISED GAINS AND LOSSES - NET (continued)

DISCONTINUED OPERATIONS (Note 33)

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

25 FAIR VALUE GAINS AND LOSSES - NET

CONTINUING OPERATIONS

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

26 FEE AND COMMISSION INCOME

CONTINUING OPERATIONS

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

27 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

CONTINUING OPERATIONS

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

DISCONTINUED OPERATIONS (Note 33)

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

28 OTHER OPERATING INCOME/(EXPENSES) – NET

CONTINUING OPERATIONS

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

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

DISCONTINUED OPERATIONS (Note 33)

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

29 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

CONTINUING OPERATIONS

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

30 MANAGEMENT EXPENSES

CONTINUING OPERATIONS

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

30 MANAGEMENT EXPENSES (continued)

DISCONTINUED OPERATIONS (Note 33)

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

30 MANAGEMENT EXPENSES (continued)

Remuneration and emoluments received by Directors and Chief Executive Officers of the Group and the Company during the financial year were as follows:

CONTINUING OPERATIONS

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

DISCONTINUED OPERATIONS

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

31 FINANCE COSTS

CONTINUING OPERATIONS

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

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

32 TAXATION

CONTINUING OPERATIONS

				GROUP
	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
2015				
Current tax	9,531	96	1,066	10,693
Deferred tax (Note 9)	4	874	968	1,846
Tax expenses	9,535	970	2,034	12,539
Current tax				
Current financial year	2,805	96	1,310	4,211
Under/(over) provision in prior financial years	6,726	-	(244)	6,482
	9,531	96	1,066	10,693
Deferred tax				
Origination and reversal of temporary differences	4	874	968	1,846
	9,535	970	2,034	12,539
2014				
Current tax	2,638	1,177	2,447	6,262
Deferred tax (Note 9)	(1,208)	(3,137)	(2,269)	(6,614)
Tax expenses/(income)	1,430	(1,960)	178	(352)
Current tax				
Current financial year	1,559	1,599	2,430	5,588
Under/(over) provision in prior financial years	1,079	(422)	17	674
	2,638	1,177	2,447	6,262
Deferred tax				
Origination and reversal of temporary differences	(1,208)	(3,137)	(2,269)	(6,614)
	1,430	(1,960)	178	(352)

32 TAXATION (continued)

DISCONTINUED OPERATIONS (Note 33)

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

Tax expenses/(income) comprised the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

32 TAXATION (continued)

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

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

The taxation charge in the income statement of the Group relates to income attributable to the Company and the Group's General and Shareholders' funds.

The taxation charge on the Group's General takaful fund and Family takaful fund is based on the method prescribed under the Income Tax Act, 1967.

33 DISCONTINUED OPERATIONS

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

COMPANY	Note	2015	2014
Write back of Zurich's counterclaims	28	-	12,500

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

34 DIVIDENDS

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

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

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

In respect of the previous financial year ended 31 December 2014, the following dividend payments were made:

(a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,130,613 on 18 April 2014; and

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

35 BASIC EARNINGS PER SHARE - GROUP

The basic earnings per ordinary share have been calculated by dividing the Group's total net profit from continuing and discontinued operations after non-controlling interests as stated below over the weighted average number of ordinary shares of the Company in issue during the financial year of 297,846,000 shares (2014: 304,216,000 shares), net of treasury shares.

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

36 DISPOSAL OF SUBSIDIARIES

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

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

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

Details of the disposal are as follows:

GROUP	At date of disposal
	RM'000
Cash and cash equivalents	9
Other payables	(9)
Net assets	-
Net disposal proceeds	-(*)
Gain on disposal to the Group (Note 24)	-

The net cash flow on disposal was determined as follows:

Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	(9)
Cash outflow to the Group on disposal	(9)

(*) Denotes RM10.

36 DISPOSAL OF SUBSIDIARIES (continued)

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

(b) On 3 July 2014, MAA Corp completed the disposal of its entire equity interest in Chelsea Parking Services Sdn Bhd ("Chelsea Parking") for a total cash consideration of RM10.

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

Details of the disposal are as follows:

GROUP	At date of disposal RM'000
Cash and cash equivalents	22
Other payables	(21)
Current tax liabilities	(1)
Net assets	-
Net disposal proceeds	-(*)
Gain on disposal to the Group (Note 24)	-
The net cash flow on disposal was determined as follows:	
Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	(22)
Cash outflow to the Group on disposal	(22)

(*) Denotes RM10.

(c) On 2 October 2014, MAA Credit Berhad ("MAA Credit") completed the disposal of its entire equity interest in Nilam Timur Sdn Bhd ("NTSB") for a total cash consideration of RM10.

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

Details of the disposal are as follows:

GROUP	At date of disposal RM'000
Leasehold land (Note 4)	2,349
AFS financial assets	620
Other payables	(3,341)
Term loan payables	(7,205)
Net liabilities	(7,577)
Net disposal proceeds	-(*)
Gain on disposal to the Group (Note 24)	(7,577)
The net cash flow on disposal was determined as follows:	
Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	-
Cash inflow to the Group on disposal	-

(*) Denotes RM10.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

36 DISPOSAL OF SUBSIDIARIES (continued)

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

(d) On 24 December 2014, MAA Corporate Advisory Sdn Bhd completed the disposal of its 51% equity interest in MAACA Labuan Ltd ("MAACA Labuan") for a total cash consideration of RM66,776.

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

Details of the disposal are as follows:

<u>GROUP</u>	At date of disposal RM'000
Property, plant and equipment (Note 4)	59
Other receivables	9
Cash and cash equivalents	18
Other payables	(5)
Current tax liabilities	(20)
Net assets	61
Less: Non-controlling interests	(30)
	31
Net disposal proceeds	(67)
Gain on disposal to the Group (Note 24)	(36)

The net cash flow on disposal was determined as follows:

Net cash received	67
Cash and cash equivalents of disposed subsidiary	(18)
Cash inflow to the Group on disposal	49

37 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

(a) Acquisition of additional interest in subsidiaries

On 14 April 2014, MAA Corp entered into a share sale agreement with AEC College Pte Ltd ("AEC") to acquire its 30% interest in Pusat Tuisyen Kasturi Sdn Bhd ("PTKSB") and Keris Murni Sdn Bhd ("KMSB") ("Proposed Acquisition") for a total cash consideration of RM1.6 million. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the aggregate profit after taxation of PTKSB and KMSB amounting to RM658,000 based on the audited financial statements for the financial year ended 31 December 2013.

The remaining 70% interest in PTKSB and KMSB is held by MAA Credit, being a wholly-owned subsidiary of MAA Corp, pursuant to the exercise of its power of attorney on 2 October 2012 and formed part of the debt recovery action taken by MAA Credit against its borrower for defaulted loan.

The Proposed Acquisition was completed on 21 April 2014 and consequently, PTKSB and KMSB became wholly-owned subsidiaries of the Group.

The effect of changes in the ownership interest of PTKSB and KMSB on the equity attributable to owners of the Company was as follows:

	RM'000
Carrying amount of non-controlling interests acquired	156
Consideration paid to non-controlling interests	(1,600)
Excess consideration paid recognised in the Group's equity	(1,444)

(b) Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the financial year ended 31 December 2014

	RM'000
Acquisition of additional interests in subsidiaries	(1,444)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

38 DECONSOLIDATION OF A SUBSIDIARY

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

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

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

Details of the deconsolidation are as follows:

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

The net cash flow on deconsolidation was determined as follows:

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

39 CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the date of the statement of financial position but not yet incurred is as follows:

	GROUP		COMPANY	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment				
- Office renovation	114	298	-	-

(b) Operating lease commitments

The Group and the Company lease various offices under operating lease agreements. The lease terms are between 1 and 3 years, and majority of the lease agreements are renewable at the end of the lease period at market rate. The lease expenditure (office rental) charged to the income statement during the year are disclosed in Note 30 to the financial statements.

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

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

40 SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties and relationships

The subsidiaries and associates of the Company are disclosed in Notes 7 and 8 to the financial statements respectively. The other related parties of, and their relationships with the Group and the Company are as follows:

Related party	Relationship
Melewar Equities Sdn Bhd	Substantial shareholder of the Company
Melewar Khyra Sdn Bhd	Substantial shareholder of the Company
Trace Management Services Sdn Bhd	Company controlled by certain Directors of the Company
Melewar Group Berhad	Company controlled by certain Directors of the Company
Melewar Industrial Group Berhad ("MIG")	Company controlled by certain Directors of the Company
Melewar Integrated Engineering Sdn Bhd	A subsidiary of MIG
MAA Bancwell Trustee Berhad	An associate of the Group

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

40 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Significant related party transactions

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

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

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

Related party receivables/payables

The balances with related parties at the financial year end are disclosed in Notes 13 and 18 to the financial statements.

Key management personnel

Key management personnel received remuneration for services rendered during the financial year. The key management personnel of the Group and the Company comprised the Chief Executive Officers and Executive Directors. The total compensations paid to the Group's and the Company's key management personnel are disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

41 SEGMENTAL INFORMATION

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

The Group has six (6) operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they employ different technology and marketing strategies. The operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee of the Company (the chief operating decision maker). The following summary describes the operations in each of the Group's operating segments:

- General insurance – underwriting all classes of general insurance business
- Family takaful business – underwriting family takaful business
- General takaful business - underwriting general takaful business
- Shareholders' fund of the insurance and takaful businesses
- Card business - business of prepaid cards and other related cards and services
- Investment holdings

Other segments comprise hire purchase, leasing and other credit activities, property management, consultancy services and education services.

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

Measurement and Evaluation of Segment Performance

The Executive Committee evaluates operating segments' performance on the basis of revenue and profit. Expenses directly associated with each operating segment are included in determining their respective profits. Transactions between operating segments are based on mutually agreed allocation bases. In addition to the operating segments, the segment information also discloses non inter-segment eliminations.

41 **SEGMENTAL INFORMATION** (continued)

Financial year ended 31 December 2015

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

41 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2014

	Insurance				Takaful	Card business	Investment holdings		Other segments		Total	Inter-segment elimination	Group
	General insurance	Share-holders' fund	General takaful	Family takaful	Share holders' fund								
						Disconti-nued	Conti-nuing	Disconti-nued	Conti-nuing	Disconti-nued			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	290	446	290,650	381,917	3,862	251	10,543	-	7,023	5	694,987	-	694,987
Net earned premiums/contributions (Note 22)	107	-	67,728	361,806	-	-	-	-	-	-	429,641	-	429,641
Interest income (Note 23)	180	308	4,063	8,721	4,079	151	10,460	-	181	5	28,148	-	28,148
Allowance for impairment loss on loans from leasing, hire purchase and others - net (Note 28)	-	-	-	-	-	-	-	-	(5,174)	-	(5,174)	-	(5,174)
Other revenue	13,289	3,161	43,637	(1,283)	179,608	75	(7,321)	20,113	14,091	364	265,734	(180,288)	85,446
Net insurance/takaful benefits and claims (Note 29)	623	-	(35,131)	(271,621)	-	-	-	-	489	-	(305,640)	-	(305,640)
Write back of/(allowance for) impairment loss on other receivables (Note 30)	-	-	562	-	-	-	(43)	-	(126)	-	393	-	393
Write back of/(allowance for) impairment loss on insurance/takaful receivables (Note 30)	5,138	-	(11,070)	(805)	-	-	-	-	-	-	(6,737)	-	(6,737)
Other expenses	(2,299)	(2,414)	(72,300)	(107,988)	(171,374)	(3,014)	(17,854)	-	(8,832)	(121)	(386,196)	180,288	(205,908)
Depreciation (Note 30)	(47)	(158)	-	-	(2,481)	(16)	(630)	-	(83)	(59)	(3,474)	-	(3,474)
Amortisation (Note 30)	-	-	-	-	(1,127)	(24)	(72)	-	(5)	-	(1,228)	-	(1,228)
Finance costs (Note 31)	-	-	-	-	-	-	-	-	(325)	-	(325)	-	(325)
Profit/(loss) by segments	16,991	897	(2,511)	(11,170)	8,705	(2,828)	(15,460)	20,113	216	189	15,142	-	15,142
Tax income/(expenses) attributable to participants	-	-	1,960	(178)	-	-	-	-	-	-	1,782	-	1,782
	16,991	897	(551)	(11,348)	8,705	(2,828)	(15,460)	20,113	216	189	16,924	-	16,924
Share of profit of associates not included in reportable segments											2,320	-	2,320
Profit before taxation											19,244	-	19,244

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

41 SEGMENTAL INFORMATION (continued)

	Insurance		Takaful			Card business	Investment holdings	Other segments	Total	Inter-segment elimination	Group
	General insurance	Share holders' fund	General takaful fund	Family takaful fund	Share holders' fund						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015											
Segment assets	-	47,189	483,239	482,982	136,705	6,393	220,014	6,461	1,382,983	-	1,382,983
Associates											67,954
Total assets											1,450,937
31 December 2014											
Segment assets	65,936	45,407	499,755	468,898	147,645	6,130	252,995	7,674	1,494,440	-	1,494,440
Associates											64,866
Total assets											1,559,306

41 SEGMENTAL INFORMATION (continued)

Geographical segments

The Group operates mainly in Malaysia. In determining the geographical segments of the Group, revenues and non-current assets are based on the geographical location of assets.

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

42 CAPITAL MANAGEMENT

The Group's capital management underlying objective is to manage capital and to allocate capital efficiently for business growth taking into account the associated business risks to meet regulatory requirements, obligations to policyholders and the expectation of stakeholders.

The Company manages the capital of the Group to ensure that source of capital and the related costs meet the overall objectives of the capital plan. Excess capital generated from profits at the subsidiary level exceeding planned requirements is returned to the Company in the form of dividends under the Group's capital management plan.

The Group and the Company's capital comprised initial ordinary share capital and retained earnings. The Group and the Company do not have any borrowings as at 31 December 2015.

For the takaful subsidiary, the performance of internal capital levels against the regulatory requirements are reviewed at least quarterly by their respective management and reported to their respective Risk Management Committee and the Board as part of capital budgeting, planning and monitoring process.

The minimum Capital Adequacy Ratio ("CAR") under Risk-Based Capital Framework regulated by BNM is 130% for takaful operator. On this note, the Group's takaful subsidiary has complied with the minimum CAR as at 31 December 2015. Likewise, the Group's Labuan offshore insurance subsidiary has also complied with the solvency requirements of Labuan Financial Services Authority as at 31 December 2015. With regards to the Group's insurance subsidiary in Indonesia that has commenced business run-off in 2013 and liabilities settlement plan in 2014, in view of the revocation of its operating license by OJK with effect from 3 September 2015, the Group has resolved to liquidate the said subsidiary with liquidators duly appointed on 1 December 2015. Accordingly the Indonesian subsidiary has ceased to be a subsidiary with effect on that date as disclosed in Note 49(e) to the financial statements and the Group has recognised a deconsolidated gain of RM48.3 million during the financial year ended 31 December 2015. Notwithstanding this, the Group has made a provision of RM5.7 million for liquidation fees and expenses over an estimated three (3) years period to complete the liquidation of the Indonesian subsidiary in an orderly manner.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

43 RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

The Group's risk governance structure and risk reporting requirement is incorporated in the Group's Enterprise Risk Management ("ERM") Framework. The Framework explains the underlying approach and defines an on-going and consistent process for identifying, analysing, evaluating, monitoring, reporting and managing significant risks faced by the business units in the Group. It also outlines the key aspects of the risks management process and identifies the main reporting procedures.

The Board through the Group Risk Management Committee is ultimately responsible for effective risk oversight and the framework within the Group. The Group Risk Management Committee determines the remit, roles, resources and structure for risk management functions to operate effectively and efficiently. The core insurance and takaful subsidiaries in the Group have their respective dedicated Risk Management teams to manage the risk management functions to comply with the applicable regulatory requirements. The Heads of Risk Management of the insurance/takaful subsidiaries report directly to their respective Risk Management Committees, and indirectly to the Group Risk Management Committee.

The Group ERM Framework is premised with three lines of defence that serves as the guiding principles within the Group:

1. The first line of defense is the Business Units who are primarily responsible for identifying, evaluating and managing risks within their Units. The Head of Business Units are responsible to implement and execute appropriate risk mitigation action plan on a timely manner. The Business Units are responsible to ensure the execution of appropriate risk reduction action plans on a timely manner. Priority is accorded to mitigate high and significant risks in order to ensure that their day-to-day business activities are carried out within acceptable risk level.

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

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

The Group has also established management committees in the subsidiaries where applicable to act as a platform for two-way communication between the Management and the Board. The management committees are Executive Committee, Business Committee, Family Takaful Management Committee, General Takaful Management Committee, Information Technology Committee and Investment Committee. These committees are responsible for overseeing the development and assessing the effectiveness of risk management policies, reviewing risk exposure and portfolio compositions and ensuring that infrastructure, resources and systems are put in place for effective risk management activities.

44 INSURANCE/TAKAFUL RISK

The risk underlying any insurance/takaful contract is the likelihood of the insured event occurring and the uncertainty in the amount of the resulting claims. This risk is random and therefore unpredictable.

For a portfolio of insurance/takaful contracts, the principal risk that the Group faces is that claims and benefit payments exceed the amount of insurance/takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. The actual number and amount of claims and benefits will vary from year to year from the level established using statistical estimation techniques.

(I) Family takaful contracts

Family takaful contracts offered by the Group include health, group family, mortgage and investment-linked. The Group currently does not offer any takaful contracts with DPF.

Underwriting is managed through a dedicated underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks. Medical selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which considered past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval. Products are reviewed by the Management Committee of the takaful subsidiary on periodic basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

The table below shows the concentration of Family takaful contract liabilities, excluding AFS reserve, by type of contract:

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

As all of the business is derived from Malaysia, the entire Family takaful contract liabilities are in Malaysia.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

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

(a) Mortality Rates

Assumption is based on industry standard table – M9903.

(b) Morbidity Rates

Assumption is mainly based on reinsurer rates.

(c) Investment Return

Assumptions at 75% confidence level are 5.5% per annum for Participant Investment Account ("PIA") on Investment-linked, 4.5% per annum for PIA on Non-Investment linked and 3.5% per annum for Participant Risk Investment Account ("PRIA").

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

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

(I) Family takaful contracts (continued)

Key assumptions (continued)

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

(d) Expenses

Assumption varies by product type as follow:

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

(e) Lapse and Surrender Rates

2% per annum is assumed for single contribution certificates.

For regular contribution certificates, lapse rate varies by certificate year as follows:

	Certificate Year (%)						
Plan	1	2	3	4	5	6	7+
Takafulink	20	15	13	10	10	10	8
Takafulink Education	17	14	10	9	9	8	8
Takafulife Series	25	20	10	10	10	8	8
CancerCare	20	45	25	5	5	5	5
SmartMedic200	20	45	15	25	25	25	25
Term80	15	20	10	3.5	3.5	3.5	3.5

(f) Contribution holiday for Investment-linked products

	Certificate Year (%)					
Plan	1	2	3	4	5	6+
Investment-linked	3	13	12	10	7	5
Ordinary Life Series	5	8	7	5	5	5

(g) Discount Rate

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

44 INSURANCE/TAKAFUL RISK (continued)

(I) Family takaful contracts (continued)

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions have to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Impact on Family takaful contract liabilities			
	Change in assumptions	**Gross**	**Net**	**(Loss)/Profit before taxation***
	%	**RM'000**	**RM'000**	**RM'000**
31 December 2015				
Mortality/morbidity	+10	5,175	2,267	(2,267)
Lapse and surrender rates	+10	(74)	127	(127)
Discount rate	+1	(3,247)	(2,511)	2,511
31 December 2014				
Mortality/morbidity	+10	3,342	728	(728)
Lapse and surrender rates	+10	(66)	167	(167)
Discount rate	+1	(3,406)	(2,465)	2,465

*The profits are before surplus sharing or Qardhul Hassan repayment.

There is minimal impact on the Family takaful contract liabilities in relation to changes made to longevity, expenses and investment return assumptions.

(II) General insurance and General takaful contracts

Risks under General insurance and General takaful contracts usually cover a twelve-month duration. The risks inherent in General insurance and General takaful contracts are reflected in the insurance and takaful contract liabilities which include the premiums/contributions and claims liabilities, as set out under Notes 16(a) and 16(c) to the financial statements. Premiums/contributions liabilities comprise of reserves for unexpired risks, while the claims liabilities comprise of loss reserves which include provision for both outstanding claims notified and outstanding claims incurred but not reported.

The Group manages its insurance risks for General insurance and General takaful contracts by having a clearly defined framework as follow:

- Writing a balanced mix and spread of business, geographically, industry sectors and between classes of business;
- Underwriting strategies focused on profitable lines of business are clearly articulated to stakeholders;
- Underwriting authority limits for capacity are in place according to individual's capacity in the underwriting process;
- Mitigating insurance risks through purchase of both proportional and non-proportional reinsurance and retakaful treaties; and
- Regular monitoring of claim experience and comparing actual experience against that implied in pricing.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 INSURANCE/TAKAFUL RISK (continued)

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

General Insurance Contracts

The concentration of the General insurance contracts in relation to the type of insurance contracts accepted by the Group is as summarised below:

	31.12.2015			31.12.2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fire	-	-	-	23,824	(3,910)	19,914
Motor vehicle	-	-	-	14	-	14
Marine Cargo, Aviation Cargo and Transit	-	-	-	2,183	(262)	1,921
Miscellaneous	-	-	-	6,936	(1,496)	5,440
	-	-	-	32,957	(5,668)	27,289
Currency translation differences	-	-	-	1,898	(840)	1,058
	-	-	-	34,855	(6,508)	28,347

Key assumptions

The risk inherent in General insurance contracts are reflected in the insurance contract liabilities which include the claims liabilities, as set out under Note 16(a) of the financial statements. Claims liabilities comprise of loss reserves which include provisions for both outstanding claims notified and outstanding claims incurred but not reported.

Outstanding claims provisions are usually established by skilled claims personnels based upon their experience and knowledge, and known facts of individual claims at hand. The ultimate cost of outstanding claims is estimated by using the Chain Ladder method which is one of the standard actuarial claims projection techniques. The main assumption underlying the technique is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, the method extrapolates the development of paid and incurred losses based upon past development patterns including the implicit underlying trends.

Thus, General insurance contract liabilities are normally determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislation changes, judicial decisions, economic conditions and claims handling procedures.

However, additional qualitative judgments are also used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislations affect the estimates. The estimates of the General insurance contract liabilities are therefore sensitive to various factors and uncertainties and the actual future premium and claims liabilities may not develop exactly as projected and could vary significantly from initial estimates. To increase the probability that the estimates would ultimately be adequate, provisions for adverse deviations are also included in the estimates.

The Group further reduced its risk exposure through strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims. In addition, the Group enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

44 INSURANCE/TAKAFUL RISK (continued)

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

General Insurance Contracts (continued)

Sensitivities

The General insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The expected loss ratio ("ELR") is an important assumption in the Chain Ladder estimation techniques.

Increasing the ELRs by 10% yields the following impact:

		Impact on			
	Change in assumptions	**Gross liabilities**	**Net liabilities**	**Profit before taxation**	**Equity**
	%	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2014					
Expected loss ratios	+10	11	11	(11)	(8)

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 INSURANCE/TAKAFUL RISK (continued)

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

General Insurance Contracts (continued)

Claims Development Table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each statement of financial position date, together with cumulative payments to-date.

In setting provisions for claims, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

Gross claims development for 2015

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

Net claims development for 2015

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

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

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

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

General Insurance Contracts (continued)

Claims Development Table (continued)

Gross claims development for 2014

	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(18,090)	(11,277)	(8,875)	(7,049)	(5,331)	(30)	
One year later	(29,896)	(21,362)	(30,379)	(27,754)	(13,523)	-	
Two years later	(6,514)	(7,090)	(12,160)	(14,246)	-	-	
Three years later	(7,580)	(1,485)	(33,768)	-	-	-	
Four years later	(1,066)	(2,888)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(2,888)	(33,768)	(14,246)	(13,523)	(30)	(64,455)
Currency translation differences							11,517
Gross benefits and claims paid							(52,938)

Net claims development for 2014

	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(11,845)	(6,765)	(5,326)	(6,056)	(3,405)	(13)	
One year later	(12,073)	(5,078)	(10,717)	(17,430)	(413)	-	
Two years later	(1,207)	(2,175)	(7,396)	(1,019)	-	-	
Three years later	(2,814)	(593)	(242)	-	-	-	
Four years later	(1,017)	(163)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(163)	(242)	(1,019)	(413)	(13)	(1,850)
Currency translation differences							155
Net benefits and claims paid							(1,695)

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 INSURANCE/TAKAFUL RISK (continued)

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

General Takaful Contracts

The concentration of the General takaful contracts in relation to claims liabilities by the type of takaful contracts accepted is as summarised below:

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

Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of development of claims paid and development of claims reported amounts. The methods employed also require assumptions of prior estimate (for Bornhuetter-Ferguson based methods) for each accident year. For Frequency / Severity analysis, the assumption is that the number of claims reported is unlikely to have been affected by any changes in the claims handling process, and thus, the link ratio techniques are appropriate in determining the ultimate number of claims. Assumptions are also made on the average size of claims and how they change over time. Any changes in claims reporting, reserving or settlement process can affect the reliability of assumptions.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as changes in portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislations affect the estimates.

Sensitivities

The General takaful claims liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions have to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

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

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

General Takaful Contracts (continued)

Sensitivities (continued)

	Change in assumptions	Impact on General takaful contract liabilities Gross	Net	Profit before taxation	Profit after taxation*
	%	RM'000	RM'000	RM'000	RM'000
31 December 2015					
Average open claims	+10	25,563	7,532	(7,532)	(5,649)
Loss ratio	+10	30,527	10,690	(10,690)	(8,017)
Provision for risk of adverse deviation	+10	2,414	650	(650)	(487)
31 December 2014					
Average open claims	+10	24,724	4,653	(4,653)	(3,490)
Loss ratio	+10	28,681	6,773	(6,773)	(5,080)
Provision for risk of adverse deviation	+10	246	40	(40)	(31)

*The profits are before surplus sharing or Qardhul Hassan repayment.

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

Claims Development Table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each statement of financial position date, together with cumulative payments to-date.

In setting provisions for claims, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 INSURANCE/TAKAFUL RISK (continued)

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

General Takaful Contracts (continued)

Claims Development Table (continued)

Gross General Takaful Contract Liabilities for 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year									
At end of accident year	6,816	24,168	54,138	57,359	75,801	122,510	173,322	153,400	
One year later	4,592	20,220	58,202	55,296	73,172	113,516	150,108	-	
Two years later	3,714	16,567	52,314	52,335	71,157	108,045	-	-	
Three years later	3,214	13,865	49,989	49,023	72,160	-	-	-	
Four years later	3,249	13,352	49,702	49,894	-	-	-	-	
Five years later	3,203	13,360	49,515	-	-	-	-	-	
Six years later	3,179	12,977	-	-	-	-	-	-	
Seven years later	3,129	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	3,129	12,977	49,515	49,894	72,160	108,045	150,108	153,400	
At end of accident year	(1,100)	(4,021)	(10,114)	(12,429)	(18,204)	(33,270)	(40,158)	(43,447)	
One year later	(2,807)	(9,177)	(29,052)	(34,709)	(45,537)	(67,240)	(93,627)	-	
Two years later	(3,035)	(10,278)	(35,595)	(39,689)	(51,451)	(85,084)	-	-	
Three years later	(3,076)	(12,049)	(37,091)	(43,152)	(56,490)	-	-	-	
Four years later	(3,089)	(12,107)	(39,485)	(44,206)	-	-	-	-	
Five years later	(3,092)	(12,339)	(39,916)	-	-	-	-	-	
Six years later	(3,092)	(12,377)	-	-	-	-	-	-	
Seven years later	(3,091)	-	-	-	-	-	-	-	
Cumulative payments to-date	(3,091)	(12,377)	(39,916)	(44,206)	(56,490)	(85,084)	(93,627)	(43,447)	
Gross General takaful contract liabilities	38	600	9,599	5,688	15,670	22,961	56,481	109,953	220,990
Provision for risk of adverse deviation									23,008
Pipeline business									11,636
Gross General takaful contract liabilities									255,634

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

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

General Takaful Contracts (continued)

Claims Development Table (continued)

Net General Takaful Contract Liabilities for 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year									
At end of accident year	1,640	5,655	25,190	17,488	17,662	28,156	35,176	60,770	
One year later	1,642	6,165	24,835	15,510	17,635	25,865	35,319	-	
Two years later	1,370	5,340	23,500	14,818	16,905	26,826	-	-	
Three years later	1,198	5,206	22,573	14,495	16,821	-	-	-	
Four years later	1,230	5,040	22,407	14,467	-	-	-	-	
Five years later	1,213	4,989	22,233	-	-	-	-	-	
Six years later	1,202	4,775	-	-	-	-	-	-	
Seven years later	1,195	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	1,195	4,775	22,233	14,467	16,821	26,826	35,319	60,770	
At end of accident year	(339)	(1,548)	(5,284)	(4,927)	(5,573)	(9,537)	(10,443)	(19,313)	
One year later	(1,032)	(3,831)	(14,461)	(11,260)	(12,654)	(18,208)	(23,279)	-	
Two years later	(1,169)	(4,285)	(18,328)	(12,480)	(14,142)	(22,095)	-	-	
Three years later	(1,182)	(4,511)	(19,342)	(12,846)	(14,936)	-	-	-	
Four years later	(1,186)	(4,587)	(19,571)	(13,116)	-	-	-	-	
Five years later	(1,187)	(4,599)	(19,637)	-	-	-	-	-	
Six years later	(1,187)	(4,600)	-	-	-	-	-	-	
Seven years later	(1,187)	-	-	-	-	-	-	-	
Cumulative payments to-date	(1,187)	(4,600)	(19,637)	(13,116)	(14,936)	(22,095)	(23,279)	(19,313)	
Net General takaful contract liabilities	8	175	2,596	1,351	1,885	4,731	12,040	41,457	64,243
Provision for risk of adverse deviation									6,005
Pineline business									5,072
Net General takaful contract liabilities									75,320

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

44 INSURANCE/TAKAFUL RISK (continued)

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

General Takaful Contracts (continued)

Claims Development Table (continued)

Gross General Takaful Contract Liabilities for 2014

	2007	2008	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year									
At end of accident year	96	6,816	24,168	54,138	57,359	75,801	122,510	173,322	
One year later	78	4,592	20,220	58,202	55,296	73,172	113,516	-	
Two years later	50	3,714	16,567	52,314	52,335	71,157	-	-	
Three years later	42	3,214	13,865	49,989	49,023	-	-	-	
Four years later	39	3,249	13,352	49,702	-	-	-	-	
Five years later	39	3,203	13,360	-	-	-	-	-	
Six years later	39	3,179	-	-	-	-	-	-	
Seven years later	39	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	39	3,179	13,360	49,702	49,023	71,157	113,516	173,322	
At end of accident year	-	(1,100)	(4,021)	(10,114)	(12,429)	(18,204)	(33,269)	(40,158)	
One year later	(39)	(2,807)	(9,177)	(29,052)	(34,709)	(45,537)	(67,240)	-	
Two years later	(39)	(3,035)	(10,278)	(35,595)	(39,689)	(51,451)	-	-	
Three years later	(39)	(3,076)	(12,049)	(37,091)	(43,152)	-	-	-	
Four years later	(39)	(3,089)	(12,107)	(39,485)	-	-	-	-	
Five years later	(39)	(3,092)	(12,339)	-	-	-	-	-	
Six years later	(39)	(3,092)	-	-	-	-	-	-	
Seven years later	(39)	-	-	-	-	-	-	-	
Cumulative payments to-date	(39)	(3,092)	(12,339)	(39,485)	(43,152)	(51,451)	(67,240)	(40,158)	
Gross General takaful contract liabilities	-	87	1,021	10,217	5,871	19,706	46,276	133,164	216,342
Provision for risk of adverse deviation									23,818
Pipeline business									7,079
Gross General takaful contract liabilities									247,239

44 INSURANCE/TAKAFUL RISK (continued)

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

General Takaful Contracts (continued)

Claims Development Table (continued)

Net General Takaful Contract Liabilities for 2014

	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
Accident year									
At end of accident year	39	1,640	5,655	25,190	17,488	17,662	28,156	35,176	
One year later	48	1,642	6,165	24,835	15,510	17,635	25,865	-	
Two years later	32	1,370	5,340	23,500	14,818	16,905	-	-	
Three years later	26	1,198	5,206	22,573	14,495	-	-	-	
Four years later	24	1,230	5,040	22,407	-	-	-	-	
Five years later	24	1,213	4,989	-	-	-	-	-	
Six years later	23	1,202	-	-	-	-	-	-	
Seven years later	23	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	23	1,202	4,989	22,407	14,495	16,905	25,865	35,176	
At end of accident year	-	(339)	(1,548)	(5,284)	(4,927)	(5,573)	(9,537)	(10,443)	
One year later	(23)	(1,032)	(3,831)	(14,461)	(11,260)	(12,654)	(18,208)	-	
Two years later	(23)	(1,169)	(4,285)	(18,328)	(12,480)	(14,142)	-	-	
Three years later	(23)	(1,182)	(4,511)	(19,342)	(12,846)	-	-	-	
Four years later	(23)	(1,186)	(4,587)	(19,571)	-	-	-	-	
Five years later	(23)	(1,187)	(4,599)	-	-	-	-	-	
Six years later	(23)	(1,187)	-	-	-	-	-	-	
Seven years later	(23)	-	-	-	-	-	-	-	
Cumulative payments to-date	(23)	(1,187)	(4,599)	(19,571)	(12,846)	(14,142)	(18,208)	(10,443)	
Net General takaful contract liabilities	-	15	390	2,836	1,649	2,763	7,657	24,733	40,043
Provision for risk of adverse deviation									3,768
Pineline business									2,715
Net General takaful contract liabilities									46,526

45 FINANCIAL RISK

The Group is exposed to a range of financial risks through its assets, financial liabilities and insurance/takaful liabilities. In particular, the key financial risk is that in the long term the operating profits and investment returns are not sufficient to fund the obligations arising from the insurance/takaful contracts. The most important components of the financial risk are credit risk, liquidity risk, market risk which comprise of currency risk, interest /profit rate risk and price risk.

The Group manages these positions within the risk management policies of the insurance/takaful subsidiaries to achieve long term investment returns in excess its obligations under the insurance/takaful contracts. The key principles of the policies are to match assets to the liabilities by reference to the type of benefits payable to policy/contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained and monitored. The Group has not changed the processes used to manage its risks from previous periods.

The Group's risk management policies are integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance/takaful liabilities. The note below explains how financial risks are managed by the Group. In particular, the risk management policies require the management of interest/profit rate risk, equity price risk and liquidity risk at the portfolio level. Credit risk is managed on a group-wide basis. The following notes are in relation to the Group's management disclosure with respect to credit risk, liquidity risk, interest/profit rate risk, and price risk.

Credit Risk

The Group has exposure in credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is exposed to credit risk through (i) investments in cash and corporate and Islamic debt securities and (ii) receivables including insurance/takaful receivables and reinsurance/retakaful assets. For investments in corporate and Islamic debt securities, a downgrade of credit rating or widening of credit spread may also incur financial loss. The reinsurance/retakaful share of unearned premium/contribution reserves in relation to the General fund and General Takaful fund and Qardhul Hassan are not financial instruments and hence are not exposed to credit risk.

Reinsurance/retakaful is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer/takaful operator. If a participant reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholders/participants. The creditworthiness of reinsurers/retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group issues investment-linked investment contracts. In the investment-linked business, the holders of these contracts bear the investment risks on the assets held in the investment-linked funds as the contract benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk on unit-linked financial assets.

Debtor recoverability and risk concentration monitoring are part of credit risk management which is reviewed regularly. The management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation. Allowance of doubtful debts/specific provision in made on those securities/loans (or part of remaining amount) where the level of security has been impaired.

45 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

GROUP

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

* Not subject to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

45 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk Exposure (continued)

GROUP

31 December 2014	Insurance/ takaful and Shareholders' funds RM'000	Investment -linked fund RM'000	Total RM'000
Reinsurance/retakaful assets	221,756	-	221,756
Financial assets at FVTPL:			
Unit trust*	1,946	-	1,946
Syariah-approved equity securities*	1,846	219,736	221,582
Islamic debt securities	-	87,990	87,990
Investment-linked units*	9,487	-	9,487
AFS financial assets:			
Corporate debt securities	34,647	-	34,647
Equities securities*	29,426	-	29,426
Islamic debt securities	145,097	-	145,097
Government debt securities	1,544	-	1,544
HTM financial assets:			
Malaysian Government Guarantee Financing	41,002	-	41,002
Loans and receivables:			
Loans	5,640	-	5,640
Fixed and call deposits	21,887	-	21,887
Insurance/takaful receivables	156,895	-	156,895
Trade and other receivables	51,503	1,295	52,798
Cash and cash equivalents	301,635	40,633	342,268
	1,024,311	349,654	1,373,965

* Not subject to credit risk.

COMPANY

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

45 **FINANCIAL RISK** (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties. AAA is the highest possible rating. Assets that all outside the range of AAA to BBB are classified as speculative grade.

GROUP

	Neither past-due nor impaired									
	AAA	**AA**	**A**	**BBB**	**Not rated**	**Not subject to credit risk**	**Investment-linked fund**	**Past due but not impaired**	**Past due and impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2015										
Reinsurance/retakaful assets	-	54,755	76,832	18,576	42,550	-	-	-	-	192,713
Financial assets at FVTPL:										
Unit trust	-	-	-	-	-	1,941	-	-	-	1,941
Syariah-approved equity securities	-	-	-	-	-	853	79,543	-	-	80,396
Islamic debt securities	-	-	-	-	-	-	54,000	-	-	54,000
Investment-linked units	-	-	-	-	-	2,730	215,788	-	-	218,518
AFS financial assets:										
Equities securities	-	-	-	-	-	29,972	-	-	-	29,972
Islamic debt securities	34,889	74,852	-	-	4,997	-	-	-	-	114,738
HTM financial assets:										
Malaysian Government Guarantee Financing	-	-	-	-	40,632	-	-	-	-	40,632
Loans and receivables:										
Loans	-	-	-	-	6,957	-	-	-	-	6,957
Fixed and call deposits	22,072	13,119	5,037	-	-	-	-	-	-	40,228
Insurance/takaful receivables	488	3,281	5,524	291	45,849	-	-	25,608	8,693	89,734
Trade and other receivables	-	-	-	-	39,351	-	987	-	38	40,376
Cash and cash equivalents	186,357	145,618	8,523	-	89	-	16,658	-	-	357,245
Allowance for impairment loss	-	-	-	-	-	-	-	-	(8,731)	(8,731)
	243,806	291,625	95,916	18,867	180,425	35,496	366,976	25,608	-	1,258,719

45 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating (continued)

GROUP

	Neither past-due nor impaired									
	AAA	**AA**	**A**	**BBB**	**Not rated**	**Not subject to credit risk**	**Investment-linked fund**	**Past due but not impaired**	**Past due and impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2014										
Reinsurance/retakaful assets	-	41,600	123,469	19,455	37,232	-	-	-	-	221,756
Financial assets at FVTPL:										
Unit trust	-	-	-	-	-	1,946	-	-	-	1,946
Syariah-approved equity securities	-	-	-	-	-	1,846	219,736	-	-	221,582
Islamic debt securities	-	-	-	-	-	-	87,990	-	-	87,990
Investment-linked units	-	-	-	-	-	9,487	-	-	-	9,487
AFS financial assets:										
Corporate debt securities	-	34,647	-	-	-	-	-	-	-	34,647
Equities securities	-	-	-	-	-	29,426	-	-	-	29,426
Islamic debt securities	49,927	90,059	-	-	5,111	-	-	-	-	145,097
Government debt securities	-	-	-	-	1,544	-	-	-	-	1,544
HTM financial assets:										
Malaysian Government Guarantee Financing	-	-	-	-	41,002	-	-	-	-	41,002
Loans and receivables:										
Loans	-	-	-	-	5,640	-	-	-	-	5,640
Fixed and call deposits	2,333	19,062	492	-	-	-	-	-	-	21,887
Insurance/takaful receivables	28	-	9,384	310	108,954	-	-	38,219	18,828	175,723
Trade and other receivables	-	-	-	-	51,503	-	1,295	-	17	52,815
Cash and cash equivalents	254,848	44,728	-	-	2,059	-	40,633	-	-	342,268
Allowance for impairment loss	-	-	-	-	-	-	-	-	(18,845)	(18,845)
	307,136	230,096	133,345	19,765	253,045	42,705	349,654	38,219	-	1,373,965

45 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating (continued)

Aged analysis of financial assets past due but not impaired

For assets to be classified as "past-due and impaired", contractual payments must be in arrears for more than six (6) months for loans, and more than 90 days for insurance/takaful receivables. In addition, full impairment was made on outstanding debts exceeding twelve months, outstanding debts with terminated status, closed accounts, commuted, winding-up under legal action, accounts written off or those served with letters of demand. This applies similarly to reinsurance/retakaful assets, particularly reinsurance/retakaful recoverable on outstanding claims. Collateral are held as securities for certain past due or impaired assets. The Group records impairment allowance for insurance/takaful receivables and loans and receivables and in separate allowance for impairment accounts.

GROUP

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

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties.

COMPANY

	Neither past-due nor impaired			
	AAA to AA	A	Not rated	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2015				
Loan and receivables:				
Loans	-	-	4	4
Fixed and call deposits	19,127	-	-	19,127
Trade and other receivables	-	-	39,383	39,383
Cash and cash equivalents	157,956	-	3	157,959
	177,083	-	39,390	216,473
31 December 2014				
AFS financial assets:				
Corporate debt securities	-	34,647	-	34,647
Loan and receivables:				
Fixed and call deposits	19,062	-	-	19,062
Trade and other receivables	-	-	45,847	45,847
Cash and cash equivalents	159,240	-	3	159,243
	178,302	34,647	45,850	258,799

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

45 FINANCIAL RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. This situation arises when the Group is unable to convert its financial assets into cash when needed. Demands for funds can usually be met through ongoing normal operations, premiums/contributions received, sale of assets or borrowings through committed credit facilities from bankers. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, unexpected high levels of policies lapses/ surrenders, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and an adequate cushion in the form of cash and very liquid investments are maintained at all times. The projected cash flows from the in-force insurance/ takaful contract liabilities consist of renewal premiums/contributions, commissions, claims, maturities and surrenders. Renewal premiums/contributions, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existing of surrender penalty in Life insurance/Family takaful contracts also protects the Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

In addition, for General insurance/ takaful contracts, the Group's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate drawdown of funds to meet claims payments should claims events exceed a certain amount.

Maturity Profile

The table below summarises the maturity profile of the Group's financial assets and liabilities based on outstanding terms to maturity still remaining. All liabilities are presented on a contractual cash flow basis except for insurance/takaful contract liabilities, the maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance/takaful liabilities.

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

Available-for-sale fair value adjustments, unearned premiums/contributions and the reinsurers'/retakaful operators' share of unearned premiums/contributions have been excluded from the analysis as they are not contractual obligations.

45 **FINANCIAL RISK** (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

	Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Investment-linked fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015									
Reinsurance/retakaful assets	192,713	127,523	49,428	6,443	2,798	6,521	-	-	192,713
Financial assets at FVTPL:									
Unit trust	1,941	-	-	-	-	-	1,941	-	1,941
Syariah-approved equity securities	80,396	-	-	-	-	-	853	79,543	80,396
Islamic debt securities	54,000	-	-	-	-	-	-	54,000	54,000
Investment-linked units	218,518	-	-	-	-	-	2,730	215,788	218,518
AFS financial assets:									
Equities securities	29,972	-	-	-	-	-	29,972	-	29,972
Islamic debt securities	114,738	-	14,691	23,305	80,537	47,566	-	-	166,099
HTM financial assets:									
Malaysian Government Guarantee Financing	40,632	-	-	-	45,918	19,295	-	-	65,213
Loans and receivables:									
Loans	6,957	6,939	18	-	-	-	-	-	6,957
Fixed and call deposits	40,228	41,009	-	-	-	-	-	-	41,009
Insurance/takaful receivables	81,041	81,041	-	-	-	-	-	-	81,041
Trade and other receivables	40,338	39,351	-	-	-	-	-	987	40,338
Cash and cash equivalents	357,245	341,548	-	-	-	-	-	16,658	358,206
	1,258,719	637,411	64,137	29,748	129,253	73,382	35,496	366,976	1,336,403
Takaful contract liabilities	723,342	590,351	69,790	7,826	5,874	33,458	16,043	-	723,342
Insurance/takaful payables	88,321	88,321	-	-	-	-	-	-	88,321
Trade and other payables	71,079	67,164	3,915	-	-	-	-	-	71,079
	882,742	745,836	73,705	7,826	5,874	33,458	16,043	-	882,742

45 **FINANCIAL RISK (continued)**

Liquidity Risk (continued)

Maturity Profile (continued)

GROUP

	Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Investment-linked fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014									
Reinsurance/retakaful assets	221,756	158,768	48,438	4,211	1,300	9,039	-	-	221,756
Financial assets at FVTPL:									
Unit trust	1,946	-	-	-	-	-	1,946	-	1,946
Syariah-approved equity securities	221,582	-	-	-	-	-	1,846	219,736	221,582
Islamic debt securities	87,990	-	-	-	-	-	-	87,990	87,990
Investment-linked units	9,487	-	-	-	-	-	9,487	-	9,487
AFS financial assets:									
Corporate debt securities	34,647	3,074	39,333	-	-	-	-	-	42,407
Equities securities	29,426	-	-	-	-	-	29,426	-	29,426
Islamic debt securities	145,097	-	-	15,327	134,339	77,580	-	-	227,246
Government debt securities	1,544	-	-	-	929	615	-	-	1,544
HTM financial assets:									
Malaysian Government Guarantee Financing	41,002	-	-	-	47,280	19,756	-	-	67,036
Loans and receivables:									
Loans	5,640	5,617	19	6	-	-	-	-	5,642
Fixed and call deposits	21,887	22,203	-	-	-	-	-	-	22,203
Insurance/takaful receivables	156,895	156,895	-	-	-	-	-	-	156,895
Trade and other receivables	52,798	51,503	-	-	-	-	-	1,295	52,798
Cash and cash equivalents	342,268	305,293	-	-	-	-	-	40,633	345,926
	1,373,965	703,353	87,790	19,544	183,848	106,990	42,705	349,654	1,493,884
Insurance contract liabilities	153,844	153,844	-	-	-	-	-	-	153,844
Takaful contract liabilities	693,284	586,738	61,216	5,420	3,386	36,524	-	-	693,284
Insurance/takaful payables	209,677	209,677	-	-	-	-	-	-	209,677
Trade and other payables	57,543	57,543	-	-	-	-	-	-	57,543
	1,114,348	1,007,802	61,216	5,420	3,386	36,524	-	-	1,114,348

45 **FINANCIAL RISK** (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

COMPANY

	Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015								
Loans and receivables:								
Loans	4	2	2	-	-	-	-	4
Fixed and call deposits	19,127	19,380	-	-	-	-	-	19,380
Trade and other receivables	39,383	39,383	-	-	-	-	-	39,383
Cash and cash equivalents	157,959	158,280	-	-	-	-	-	158,280
	216,473	217,045	2	-	-	-	-	217,047
Trade and other payables	2,555	2,555	-	-	-	-	-	2,555
31 December 2014								
AFS financial assets:								
Corporate debt securities	34,647	3,074	39,333	-	-	-	-	42,407
Loans and receivables:								
Fixed and call deposits	19,062	19,308	-	-	-	-	-	19,308
Trade and other receivables	45,847	45,847	-	-	-	-	-	45,847
Cash and cash equivalents	159,243	159,247	-	-	-	-	-	159,247
	258,799	227,476	39,333	-	-	-	-	266,809
Trade and other payables	2,184	2,184	-	-	-	-	-	2,184

45 FINANCIAL RISK (continued)

Market Risk

Market risk is the risk of loss in the valuation of the Group's investments due to adverse changes or volatility of prices in economic and financial markets. Market risk comprises three (3) types of risk i.e. currency risk, market interest/profit rate risk and price risk.

The Group manages market risks through setting of investment policy and asset allocation, approving portfolio limit structure and risk management methodologies, approving hedging and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with the Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework.

The Group also issues investment-linked investment policies in a number of its products. In the investment-linked business, the holders of these contracts bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the values of the assets in the funds. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the values of the assets in the funds.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has overseas subsidiary and associates that operate in Indonesia, Philippines and Australia whose revenue and expenses are denominated in Indonesian Rupiah, United States Dollar, Peso and Australia Dollar respectively. In order to protect the Group's exposure to the exchange rate movements of the foreign currencies against Ringgit Malaysia, the Group finances its net investments in the foreign subsidiary and associates by means of composition of Ringgit Malaysia and United States Dollar denominated funds based on assessment of the exchange rate exposure.

The Group's exposure to transactional foreign exchange risk is monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

The Group's financial assets are also primarily denominated in the same currency as its insurance/takaful contract liabilities as required under the applicable regulatory requirements. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance/takaful contract liabilities are expected to be settled.

The Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year. The impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant concentration of foreign currency risk.

Interest/Profit Rate Risk

Interest/profit rate risk is part of market risk as any adverse movements in interest/profit rates may affect the Group's investment fair valuation and reinvestment issues. The Group's Investment Committees of the insurance subsidiaries actively monitor such developments as well as discuss changes in maturity profiles of the assets and liabilities to minimise overall mismatch given the long duration of policy liabilities and the uncertainty of cash flows, it is not possible to hold assets that will perfectly match the policy liabilities.

The Group has no significant concentration of interest/profit rate risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on Equity (that reflects adjustments to Profit before Tax and re-valuing fixed rate/yield AFS financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on interest/profit rate risk but to demonstrate the impact due to changes in variables, variables had to be changed in an individual basis. It should be noted that movements in these variables are non-linear.

45 **FINANCIAL RISK** (continued)

Market Risk (continued)

Interest/Profit Rate Risk (continued)

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

* Impact on equity reflects adjustments for tax, when applicable.

The above excluded the potential impacts from overseas subsidiaries which are deemed insignificant as the said subsidiaries' AFS financial assets are not material.

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

Price Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest/profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The equity investment portfolio of the Group is exposed to movements in equity markets. The Group monitors its equity price risk through regular stress testing. In addition, the Group monitors and manages the equity exposure against policies set and agreed by the Investment Committees of the insurance subsidiaries. These policies include monitoring the equity exposure against benchmark set, single security exposure of the portfolio against the limits set and using duration and convexity measurements.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on Profit before Tax (due to changes in fair value of financial assets and liabilities whose changes in fair values are recorded in Income Statement) and Equity (that reflects adjustments to Profit before Tax and changes in fair value of AFS financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

45 FINANCIAL RISK (continued)

Market Risk (continued)

Price Risk (continued)

GROUP

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

The potential impacts arising from other market indices and overseas subsidiaries are deemed insignificant as the Group's holdings in equity securities listed in other bourses are not material.

* Impact on equity reflects adjustments for tax, when applicable.

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

46 OPERATIONAL RISK

Operational risk arises from inadequate or failed performance of business functions or internal processes. Exposure to this risk can cause deficiencies or breakdowns in internal controls or processes, technology and external events such as interruption of business operations due to a breakdown of IT systems, landslide or flood.

The Group has developed comprehensive operating policies and procedures manuals to enable all business units will implement, measure, monitor and control the risks in order to avoid or reduce losses. Furthermore, the Group's Risk Management and Internal Audit Department facilitates business units to review and ensure the current procedures adhere to all rules and regulations.

47 COMPLIANCE RISK

Compliance risk is the risk arising from violations of, or non conformance with business principles, internal policies and procedures, related laws, rules and regulations governing the Group's products and activities.

Consequently, the exposure to this risk can damage the Group's reputation, lead to legal or regulatory sanctions and/or financial loss.

The Group has established a Compliance Framework to ensure that the companies within the Group are in compliance with all laws and regulatory requirements. The Audit Committee and the Board have oversight of the Group's compliance matters through the Compliance Framework implemented by the Group's Compliance Department. In addition, the core regulated subsidiaries in the Group have their respective dedicated compliance and/or governance terms to manage the compliance functions to ensure its process and internal policies and procedures comply with the applicable laws and guidelines issued by the regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 INSURANCE FUNDS

Statement of Financial Position by Funds
As at 31 December 2015

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 **INSURANCE FUNDS** (continued)

Statement of Financial Position by Funds
As at 31 December 2014

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property, plant and equipment	17,245	52	-	-	-	17,297
Investment properties	14,846	-	-	-	-	14,846
Intangible assets	3,584	-	-	-	-	3,584
Associates	64,866	-	-	-	-	64,866
Deferred tax assets	-	-	-	3,213	607	3,820
Tax recoverable	955	35	-	249	19	1,258
Reinsurance/retakaful assets	-	6,509	-	280,382	14,535	301,426
Investments	161,649	2,054	-	65,956	370,589	600,248
Financial assets at FVTPL	13,279	-	-	-	307,726	321,005
AFS financial assets	122,809	1,562	-	49,122	37,221	210,714
HTM financial assets	-	-	-	15,366	25,636	41,002
Loans and receivables	25,561	492	-	1,468	6	27,527
Insurance/takaful receivables	-	56,402	-	97,819	2,674	156,895
Trade and other receivables	47,432	57	-	4,014	1,295	52,798
Cash and cash equivalents	213,720	827	420	48,122	79,179	342,268
Total assets	524,297	65,936	420	499,755	468,898	1,559,306
Equity, policyholders' funds and liabilities						
Liabilities						
Insurance/takaful contract liabilities	-	34,857	-	366,291	445,980	847,128
Deferred tax liabilities	911	-	-	-	-	911
Insurance/takaful payables	-	84,243	-	119,126	6,308	209,677
Trade and other payables	39,552	316	410	8,249	9,016	57,543
Current tax liabilities	40	10	-	-	-	50
Total liabilities	40,503	119,426	410	493,666	461,304	1,115,309
Equity						
Share capital	304,354	-	-	-	-	304,354
Treasury shares	(1,312)	-	-	-	-	(1,312)
Retained earnings	125,744	-	-	(551)	(11,348)	113,845
Reserves	7,024	-	-	-	-	7,024
Total equity attributable to the owners of the Company	435,810	-	-	(551)	(11,348)	423,911
Non-controlling interests	20,086	-	-	-	-	20,086
Total equity	455,896	-	-	(551)	(11,348)	443,997
Total equity, policyholders' funds and liabilities	496,399	119,426	410	493,115	449,956	1,559,306
Inter-fund balances	27,898	(53,490)	10	6,640	18,942	-

48 **INSURANCE FUNDS** (continued)

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

Continuing operations

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 **INSURANCE FUNDS** (continued)

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

Continuing operations

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/ contributions	-	110	-	286,810	367,560	-	654,480
Premiums/contributions ceded to reinsurers/retakaful operators	-	(3)	-	(219,082)	(5,754)	-	(224,839)
Net earned premiums/ contributions	-	107	-	67,728	361,806	-	429,641
Investment income	14,727	180	53	3,840	14,357	-	33,157
Realised gains and losses – net	821	56	-	(64)	21,378	-	22,191
Fair value gains and losses – net	347	-	(389)	-	(28,297)	-	(28,339)
Fee and commission income	-	-	-	43,924	-	-	43,924
Other operating revenue from non-insurance businesses	7,094	-	-	-	-	-	7,094
Other operating income/ (expenses) – net	(3,800)	13,233	252	-	-	-	9,685
Surplus sharing from Family takaful	11,000	-	-	-	-	(11,000)	-
Wakalah fee from takaful business	169,288	-	-	-	-	(169,288)	-
Other revenue	199,477	13,469	(84)	47,700	7,438	(180,288)	87,712
Total revenue	199,477	13,576	(84)	115,428	369,244	(180,288)	517,353
Gross benefits and claims paid	-	(52,938)	-	(86,131)	(192,031)	-	(331,100)
Claims ceded to reinsurers/ retakaful operators	-	51,243	-	64,922	5,391	-	121,556
Gross change to contract liabilities	-	38,619	489	(87,138)	(84,026)	-	(132,056)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(36,301)	-	73,216	(955)	-	35,960
Net insurance/takaful benefits and claims	-	623	489	(35,131)	(271,621)	-	(305,640)
Fee and commission expenses	(102,615)	-	-	-	-	-	(102,615)
Management expenses	(99,837)	2,792	(222)	(10,508)	(805)	-	(108,580)
Expense liabilities	(2,525)	-	-	-	-	-	(2,525)
Surplus sharing with Shareholders' fund	-	-	-	-	(11,000)	11,000	-
Wakalah fees payable to Shareholders' fund	-	-	-	(72,300)	(96,988)	169,288	-
Finance costs	(325)	-	-	-	-	-	(325)
Other expenses	(205,302)	2,792	(222)	(82,808)	(108,793)	180,288	(214,045)

48 **INSURANCE FUNDS** (continued)

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

Continuing operations (continued)

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share of profit of associates, net of tax	2,320	-	-	-	-	-	2,320
(Loss)/profit before taxation	(3,505)	16,991	183	(2,511)	(11,170)	-	(12)
Tax income/(expenses) attributable to participants	-	-	-	1,960	(178)	-	1,782
(Loss)/profit before taxation for Shareholders' fund	(3,505)	16,991	83	(551)	(11,348)	-	1,770
Taxation	(1,430)	-	-	1,960	(178)	-	352
Tax (income)/expenses attributable to participants	-	-	-	(1,960)	178	-	(1,782)
Tax expenses attributable to Shareholders' fund	(1,430)	-	-	-	-	-	(1,430)
(Loss)/profit for the financial year	(4,935)	16,991	183	(551)	(11,348)	-	340

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 INSURANCE FUNDS (continued)

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

Discontinued operations

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

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

Discontinued operations

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

48 INSURANCE FUNDS (continued))

Information on cash flow by Funds

	Share-holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2015						
Cash flows from:						
Operating activities	80,189	(827)	(420)	15,523	(30,300)	64,165
Investing activities	(16,102)	-	-	(6,935)	-	(23,037)
Financing activities	(7,178)	-	-	-	-	(7,178)
Net increase/(decrease) in cash and cash equivalents	56,909	(827)	(420)	8,588	(30,300)	33,950
Currency translation differences	(18,973)	-	-	-	-	(18,973)
Cash and cash equivalents at beginning of financial year	213,720	827	420	48,122	79,179	342,268
Cash and cash equivalents at end of financial year	251,656	-	-	56,710	48,879	357,245
31 December 2014						
Cash flows from:						
Operating activities	34,520	(580)	(1,447)	28,914	39,419	100,826
Investing activities	78,075	70	-	(214)	18	77,949
Financing activities	(7,627)	-	-	-	-	(7,627)
Net increase/(decrease) in cash and cash equivalents	104,968	(510)	(1,447)	28,700	39,437	171,148
Currency translation differences	(6,005)	-	-	-	-	(6,005)
Cash and cash equivalents at beginning of financial year	114,757	1,337	1,867	19,422	39,742	177,125
Cash and cash equivalents at end of financial year	213,720	827	420	48,122	79,179	342,268

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

50 RECLASSIFICATION OF COMPARATIVES

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

Income Statement

For the financial year ended 31 December 2014

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
(continued)

51 DISCLOSURE OF REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad ("Bursa Securities").

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

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Securities and should not be used for any other purpose.