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 47 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 ("Bursa Securities").

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 13 April 2017.

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 2016 represent MAA Takaful Berhad (now known as Zurich Takaful Malaysia Berhad) ("MAA Takaful") and MAA Cards Sdn Bhd ("MAA Cards"), subsidiaries disposed during the financial year as disclosed in Note 47(b) and (c) to the financial statements respectively, whereas the discontinued operations for the preceding financial year ended 31 December 2015 represent MAACA Corporate Services Sdn Bhd ("MAACACS") which was 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 2016:

- Amendments to MFRS 11 'Joint Arrangements' – Accounting with Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101 'Presentation of Financial Statements' – Disclosure Initiative
- Amendments to MFRS 127 'Equity Method In Separate Financial Statements'
- Amendments to MFRS 10, 12 and 128 'Investment entities – Applying the consolidation exception'
- Annual improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' – Clarification of Acceptable Methods of Depreciation and Amortisation

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 to existing standards in the following periods:

Effective from financial year beginning on or after 1 January 2017

- Annual improvements to MFRS 12 'Disclosures of Interest in Other Entities'

- Amendments to MFRS 107 'Statements of Cash Flows' – Disclosure Initiative introduces an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future period against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary difference with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

  The amendments shall be applied retrospectively.

Effective from financial year beginning on or after 1 January 2018

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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

Key provisions of the new standard are as follows:

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

- MFRS 9 'Financial Instruments' - Classification and Measurement of Financial Assets and Financial Liabilities will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three measurement categories for financial assets: amortised cost, fair value through profit or loss and 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 if the financial asset. Investments inequity 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 measures 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 OCI rather than profit or loss, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment 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.

Effective from financial year beginning on or after 1 January 2019

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

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

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

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

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

Effective date yet to be determined by MASB

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

(a) Subsidiaries

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss 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 profit or loss.

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 statements of comprehensive income, statement of changes in equity and statements 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. 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 profit or loss.

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

(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 profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any 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 on behalf of the associate.

The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group 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 profit or loss.

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 profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

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

2.3 Investments in subsidiaries and associates

In 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 profit or loss.

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

2.4 Segment reporting

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign 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 when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

(c) Group companies

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

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

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership 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 profit or loss.

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 in Note 2.19 to the financial statements on borrowings).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) Cost (continued)

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/Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expenses in profit or loss during the financial period in which they are incurred.

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.

(b) Depreciation and residual value

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

(d) Gains and losses on disposals

Gains and losses on disposals are determined by comparing sale proceeds with carrying amounts and are credited or charged to profit or loss.

(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 profit or loss. 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 profit or loss, 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 profit or loss in the year in which they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investment properties (continued)

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

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

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

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

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

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

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying 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 values 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 coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets

(a) Classification

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

Financial assets at FVTPL

The Group/Company classifies financial assets 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.

HTM financial assets

HTM financial assets are debt instruments with fixed or determinable payments and fixed maturity that the Group's/Company'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 takaful 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/Company 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 at FVTPL are initially recognised at fair values, and the transaction costs are expensed in profit or loss.

(c) Subsequent measurement – Gains and losses

AFS financial assets and financial assets at FVTPL are subsequently carried at fair 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 profit or loss in the period in which the changes arise.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

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

Changes in the fair values of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy in Note 2.11(d) to the financial statements) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, 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 profit or loss. Interest on AFS debt securities calculated using the effective interest method is recognised profit or loss. Dividend income on AFS equity instruments are recognised in profit or loss when the Group's/Company's right to receive 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.

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(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 profit or loss.

2.12 Financial instruments

Description

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

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

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

Recognition method

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

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss.

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

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

2.15 Takaful receivables

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, takaful receivables are measured at amortised cost, using the effective yield method.

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

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 allowance for impairment. See accounting policy in 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 profit or loss 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 effective interest rate 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 profit or loss over the period of the borrowings using the effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

2.24 Other financial liabilities and takaful payables

Other financial liabilities and 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 a 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 profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Share capital

(a) Classification

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

(b) Share issue expenses

Incremental 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.

2.26 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 profit or loss on the sale, reissuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the different between the sale consideration and the carrying amount is shown as a movement in equity, as appropriate. Where treasury shares are distributed as share dividends, the cost of the treasury shares are applied in the reduction of the share premium reserve or distributable retained earnings or both.

2.27 Product classification

The takaful subsidiary of the Group issues contracts that transfer 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. Takaful risk is the risk other than financial risk.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Retakaful

The takaful subsidiary of the Group cedes takaful risk in the normal course of business for most of its Family takaful and General takaful businesses. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful operators are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the retakaful operators' policies and are in accordance with the related retakaful contracts.

Ceded retakaful arrangements do not relieve the takaful subsidiary from its obligations to participants. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

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 retakaful asset that the takaful subsidiary 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 takaful subsidiary will receive from the retakaful operators. The impairment loss is recorded in profit or loss.

Gains or losses on buying retakaful are recognised in profit or loss immediately at the date of purchase and are not amortised.

The takaful subsidiary also assumes retakaful risk in the normal course of business for Family takaful and General takaful contracts when applicable. Contributions and claims on assumed retakaful are recognised as revenue or expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the retakaful business. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contracts. Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the takaful contract is transferred to another party.

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

2.29 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 represent 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 takaful subsidiary. 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 certificates 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 as follow is used:

- 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Takaful contracts - General takaful business (continued)

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 claims 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.

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 profit or loss of the General takaful business as part of wakalah fees payable to the Shareholders' fund of the takaful subsidiary 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 profit or loss 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 equity in the financial statements of the Group.

2.30 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 takaful subsidiary.

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 contributions 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 new contracts 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 period 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Takaful contracts - Family takaful business (continued)

Deficit/accumulated deficits

Deficits recorded by the Family takaful business during the financial year are reported as a loss in profit or loss 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 AFS reserve attributable to the Shareholders' fund of the takaful subsidiary are treated as equity in the statement of financial position of the Group.

2.31 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 takaful subsidiary. 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 of the takaful subsidiary 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, on aggregate basis.

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

General takaful contract liabilities

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

These liabilities comprise outstanding claims provision and 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, is discharged or is cancelled.

Unearned contribution reserves represent contributions received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as contribution income.

At each reporting date, the takaful subsidiary 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 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 profit or loss by setting up a provision for liability adequacy.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 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 certificates and recognised in profit or loss.

2.33 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 as 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 takaful subsidiary assesses whether there is any indication of impairment in the Shareholders' fund. 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 on impairment of non-financial assets.

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

2.34 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 profit or loss at an agreed percentage of the gross contributions, in accordance with the principles of wakalah as approved by the Shariah Committee of the takaful subsidiary and agreed between the participants and the takaful subsidiary, and are allocated to the Shareholders' fund of the takaful subsidiary and recognised as income upon issuance of the takaful certificates.

2.35 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 includes the amount of amortisation of premiums and accretion of discounts is recognised on a time proportion basis that takes into account the effective yield of the asset.

Profit income includes the amount of amortisation of premium and accretion of discount of the takaful subsidiary 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 on investments recorded in profit or loss include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sale proceeds and the carrying value at date of disposal and are recorded on occurrence of the sale transaction.

Fees and commission income

Takaful contract participants 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)

2.36 Current and deferred income tax

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

Current tax

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 is included in profit or loss 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.

2.37 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.

2.38 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 potential dilutive ordinary shares.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Critical accounting estimates and assumptions

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

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

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

Taking into account time value of money, the management has discounted the Retained Consideration using Zurich's average cost of debt after taxation at 2.59% per annum as at 30 June 2016 as the discount rate over the remaining period of 2.5 years from financial year ended 31 December 2016 to the third anniversary date of disposal, 30 June 2018. The resulting effect is a present value adjustment of RM5.8 million been recognised in the Company's profit or loss for the financial year ended 31 December 2016.

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 2015	178	22,753	4,106	4,860	1,015	32,912
Additions	-	1,031	627	23	-	1,681
Disposals	-	(549)	(1,358)	-	-	(1,907)
Write off	-	(92)	-	-	-	(92)
Transferred to intangible assets (Note 6)	-	(30)	-	-	-	(30)
Transferred to assets classified as held for sale (Note 15)	-	(69)	-	-	-	(69)
Arising from deconsolidation of a subsidiary (Note 36)	-	(298)	(153)	-	-	(451)
At 31 December 2015 / 1 January 2016	178	22,746	3,222	4,883	1,015	32,044
Additions	-	692	160	239	-	1,091
Disposals	-	(158)	(543)	(14)	(1,015)	(1,730)
Write off	-	(1,914)	-	(180)	-	(2,094)
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	(17,631)	(398)	(2,625)	-	(20,654)
At 31 December 2016	178	3,735	2,441	2,303	-	8,657

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 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
Disposals	-	(537)	(1,299)	-	-	(1,836)
Write off	-	(26)	-	-	-	(26)
Transferred to intangible assets (Note 6)	-	(7)	-	-	-	(7)
Transferred to assets classified as held for sale (Note 15)	-	(50)	-	-	-	(50)
Arising from deconsolidation of a subsidiary (Note 36)	-	(269)	(153)	-	-	(422)
At 31 December 2015 / 1 January 2016	4	12,634	1,905	1,917	127	16,587
Depreciation for the financial year (Note 30)	-	1,473	263	375	-	2,111
Amortisation for the financial year (Note 30)	2	-	-	-	-	2
Disposals	-	(109)	(533)	(6)	(127)	(775)
Write off	-	(1,837)	-	(180)	-	(2,017)
Arising from disposal of a subsidiary (Note 35(a)(ii))	-	(9,751)	(229)	(1,013)	-	(10,993)
At 31 December 2016	6	2,410	1,406	1,093	-	4,915

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 2015	44	-	-	-	-	44
Impairment loss for the financial year (Note 28)	-	-	-	-	838	838
At 31 December 2015 / 1 January 2016	44	-	-	-	838	882
Impairment loss for the financial year (Note 28)	12	-	-	-	-	12
Disposals	-	-	-	-	(838)	(838)
At 31 December 2016	56	-	-	-	-	56
Net book value						
At 31 December 2015	130	10,112	1,317	2,966	50	14,575
At 31 December 2016	116	1,325	1,035	1,210	-	3,686

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 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 January 2016	1,342	2,052	774	4,168
Additions	416	5	-	421
Disposals	(51)	(523)	-	(574)
Write off	(29)	-	-	(29)
At 31 December 2016	1,678	1,534	774	3,986
Accumulated depreciation				
At 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 / 1 January 2016	695	1,259	308	2,262
Depreciation for the financial year (Note 30)	208	153	78	439
Disposals	(21)	(523)	-	(544)
Write off	(11)	-	-	(11)
At 31 December 2016	871	889	386	2,146
Net book value				
At 31 December 2015	647	793	466	1,906
At 31 December 2016	807	645	388	1,840

5 INVESTMENT PROPERTIES

	GROUP	
	31.12.2016	31.12.2015
	RM'000	RM'000
At 1 January	19,356	14,846
Addition from subsequent expenditure	267	-
Fair value gains – net (Note 25)	2,011	1,778
Currency translation differences	(1,810)	2,732
At 31 December	19,824	19,356
Comprising:		
Leasehold land and buildings	19,824	19,356

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 profit or loss.

Fair value hierarchy

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

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

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

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

The fair value of investment properties are categorised as follows:

	GROUP	
	31.12.2016	31.12.2015
	RM'000	RM'000
Level 2	19,824	19,356

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 Group's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period. There was no transfer during the financial year ended 31 December 2016.

5 INVESTMENT PROPERTIES (continued)

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

	GROUP	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Rental income (Note 23)	248	163
Direct operating expenses of investment properties (Note 30)		
- Caretaker fee	(82)	(63)
- Staff salaries	(103)	(83)
- Utilities	(91)	(122)
- Repair and maintenance	(248)	(222)
- Valuation fees	(7)	(11)
- Property management service fees	(19)	(27)
- Taxes and others	(53)	(15)
	(603)	(543)

6 INTANGIBLE ASSETS

GROUP

	Computer software	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Cost		
At 1 January	13,520	12,149
Additions	769	1,461
Write off	(547)	-
Transferred from property, plant and equipment (Note 4)	-	30
Transferred to assets classified as held for sale (Note 15)	-	(120)
Arising from disposal of a subsidiary (Note 35(a)(ii))	(12,757)	-
At 31 December	985	13,520
Accumulated amortisation		
At 1 January	9,949	8,565
Amortisation for the financial year (Note 30)	717	1,473
Write off	(163)	-
Transferred from property, plant and equipment (Note 4)	-	7
Transferred to assets classified as held for sale (Note 15)	-	(96)
Arising from disposal of a subsidiary (Note 35(a)(ii))	(10,012)	-
At 31 December	491	9,949
Net carrying amount	494	3,571

6 INTANGIBLE ASSETS (continued)

COMPANY

	Computer software	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Cost		
At 1 January	583	583
Additions	200	-
Write off	(162)	-
At 31 December	621	583
Accumulated amortisation		
At 1 January	529	458
Amortisation for the financial year (Note 30)	71	71
Write off	(162)	-
At 31 December	438	529
Net carrying amount	183	54

Computer software

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

7 SUBSIDIARIES

	COMPANY	
	31.12.2016	31.12.2015
	RM'000	RM'000
Investments in subsidiaries, at cost	179,228	227,228
Less: Accumulated impairment loss	(127,005)	(127,005)
	52,223	100,223

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

	31.12.2016	31.12.2015
At 1 January	127,005	125,731
Allowance for impairment loss (Note 28)	-	1,274
At 31 December	127,005	127,005

Details of the subsidiaries are as follows:

		31.12.2016		31.12.2015		
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(1)	Malaysia	-	-	75	25	General takaful and Family takaful businesses
Subsidiaries of MAA Corp						
MAA-Medicare Sdn Bhd	Malaysia	100	-	100	-	Operation of charitable kidney dialysis centres
MAA Credit Berhad	Malaysia	100	-	100	-	Hire purchase, leasing and other credit activities
MAA International Assurance Ltd	Labuan, Malaysia	100	-	100	-	Investment holding
MAA Holdings (BVI) Ltd	British Virgin Islands	100	-	100	-	Providing insurance technical and financial consultancy services
MAA Corporate Advisory Sdn Bhd	Malaysia	100	-	100	-	Providing corporate advisory and consultancy services

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	31.12.2016 Group's effective interest	31.12.2016 Non-controlling interests	31.12.2015 Group's effective interest	31.12.2015 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(1)	Malaysia	-	-	100	-	Business of prepaid cards and services
# MaaxSite Sdn Bhd	Malaysia	100	-	100	-	Dormant
# MaaxClub Sdn Bhd	Malaysia	100	-	100	-	Dormant
# Kasturi Academia Sdn Bhd (formerly known as Pusat Tuisyen Kasturi Sdn Bhd)	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres and investment holding
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	-	Inactive
Subsidiaries of MAA Corp and MAA Credit Berhad						
# Keris Murni Sdn Bhd	Malaysia	100	-	100	-	Investment holding

7 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	31.12.2016 Group's effective interest	31.12.2016 Non-controlling interests	31.12.2015 Group's effective interest	31.12.2015 Non-controlling interests	Principal activities
		%	%	%	%	
Subsidiaries of Kasturi Academia Sdn Bhd						
# Pelangi Tegas Sdn Bhd	Malaysia	100	-	100	-	Inactive
# Indopelangi Sdn Bhd	Malaysia	100	-	100	-	Provision of education services and operations of education tuition centres
Subsidiaries of Keris Murni Sdn Bhd						
# Genting Mutiara Sdn Bhd	Malaysia	100	-	100	-	Inactive
# Jaguh Suria Sdn Bhd	Malaysia	100	-	100	-	Inactive

Subsidiaries not audited by PricewaterhouseCoopers Malaysia.

(1) Disposed during the financial year.

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

	MAA Takaful Berhad 31.12.2016(N1)	MAA Takaful Berhad 31.12.2015
	RM'000	RM'000
NCI percentage of ownership interest and voting interest	-	25%
Carrying amount of NCI	-	27,789

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

Summarised statement of financial position

	MAA Takaful Berhad 30.12.2016(N1)	MAA Takaful Berhad 31.12.2015
	RM'000	RM'000
Non-current assets	-	234,780
Current assets	-	868,146
Non-current liabilities	-	(133,917)
Current liabilities	-	(858,821)
Net assets	-	110,188

7 SUBSIDIARIES (continued)

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

Summarised statement of profit or loss and statement of other comprehensive income

	MAA Takaful Berhad		PT MAA General Assurance	
	Financial period ended 30.6.2016[N1]	**Financial year ended 31.12.2015**	**Financial year ended 31.12.2016**	**Financial period ended 30.11.2015[N2]**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue	279,188	548,980	-	165
Profit before taxation	5,540	2,813	-	675
Taxation	(3,729)	(9,425)	-	-
Profit/(loss) for the financial period/year	1,811	(6,612)	-	675
Other comprehensive income/(loss) for the financial period/year	233	(46)	-	(58)
Total comprehensive income/(loss) for the financial period/year	2,044	(6,658)	-	617
Total comprehensive income/(loss) allocated to NCI	452	(1,654)	-	115
Dividends paid to NCI	-	-	-	-

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

7 SUBSIDIARIES (continued)

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

Summarised statement of cash flows

	MAA Takaful Berhad		PT MAA General Assurance	
	Financial period ended 30.6.2016[N1]	**Financial year ended 31.12.2015**	**Financial year ended 31.12.2016**	**Financial period ended 30.11.2016[N2]**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows generated from/(used in):				
Operating activities	71,196	28,620	-	(680)
Investing activities	(499)	(2,383)	-	307
Financing activities	-	-	-	640
Net increase in cash and cash equivalents	70,697	26,237	-	267
Cash and cash equivalents at beginning of financial year	193,514	167,277	-	827
Cash and cash equivalents at end of financial period/year	264,211	193,514	-	1,094

[N1] As disclosed in Note 47(b) to the financial statements, MAA Takaful ceased to be a subsidiary on 30 June 2016, thus there was no summarised statement of financial position as at 31 December 2016 and only six (6) months results of the company ended 30 June 2016 were included in the group consolidation accounts for the financial year ended 31 December 2016.

[N2] As disclosed in Note 36 to the financial statements, PT MAA General Assurance ("PT MAAG") ceased to be a subsidiary on 1 December 2015, thus there was 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	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	8,599	3,871	-	-
Share of other comprehensive loss	(1,254)	(264)	-	-
	71,692	67,954	-	-

The details of the associates are as follows:

Name of company	Country of incorporation	Group's effective interest 31.12.2016	Group's effective interest 31.12.2015	Principal activities
		%	%	
MAA Bancwell Trustee Berhad	Malaysia	49	49	Inactive
Associate of MAA Corp				
Meridian Asset Management Holdings Sdn Bhd	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

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	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current assets	5,962,615	4,362,157	1,734	2,102
Current assets	204,958	172,125	263,985	211,236
Non-current liabilities	(6,097,869)	(4,462,447)	-	-
Current liabilities	(27,867)	(27,012)	(164,685)	(143,659)
Net assets	41,837	44,823	101,034	69,679
% of shareholding	48%	48%	40%	40%
Share of net assets	20,061	21,493	40,414	27,872
Goodwill	25,097	25,097	2,531	2,531
Currency translation differences	1,152	(1,799)	(17,563)	(7,240)
Carrying value of the Group's interest in associates	46,310	44,791	25,382	23,163

Summarised statement of profit or loss 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**	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue	258,133	204,698	106,467	78,531
Profit before taxation	5,639	3,771	10,371	7,657
Taxation	(2,471)	(1,037)	(2,350)	(1,461)
Profit for the financial year	3,168	2,734	8,021	6,196
Other comprehensive loss for the financial year	-	-	(3,363)	(1,308)
Total comprehensive income for the financial year	3,168	2,734	4,658	4,888
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	Total
	RM'000	RM'000	RM'000
At 1 January 2015	43,480	21,386	64,866
Share of profit	1,311	2,479	3,790
Share of other comprehensive loss (Note 21)	-	(702)	(702)
At 31 December 2015 / 1 January 2016	44,791	23,163	67,954
Share of profit	1,519	3,209	4,728
Share of other comprehensive loss (Note 21)	-	(990)	(990)
At 31 December 2016	46,310	25,382	71,692

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				31.12.2016
	Shareholders' fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000
Non-current				
Deferred tax liabilities	(185)	-	-	(185)
At 1 January 2016	(900)	2,334	(389)	1,045
(Charged)/credited to profit or loss (Note 31):				
- property, plant and equipment	(78)	-	-	(78)
- financial assets at FVTPL	(24)	-	1,345	1,321
- allowance for impairment loss	-	(234)	-	(234)
	(102)	(234)	1,345	1,009
Charged to other comprehensive income:				
- AFS financial assets	(77)	-	-	(77)
Charged to takaful contract liabilities:				
- AFS financial assets	-	(80)	(107)	(187)
Arising from disposal of a subsidiary (Note 35(a)(ii))	894	(2,020)	(849)	(1,975)
At 31 December 2016	(185)	-	-	(185)
Subject to income tax:				
Deferred tax liabilities (before and after offsetting)				
Property, plant and equipment	(185)	-	-	(185)

9 DEFERRED TAX (continued)

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
(Charged)/credited to profit or loss (Note 31):				
- 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)

	COMPANY	
	31.12.2016	31.12.2015
	RM'000	RM'000
Non-current		
Deferred tax liabilities	(185)	(107)
At 1 January	(107)	(122)
(Charged)/credited to profit or loss (Note 31):		
- property, plant and equipment	(78)	15
At 31 December	(185)	(107)

Subject to income tax:

Deferred tax liabilities (before and after offsetting)

Property, plant and equipment	(185)	(107)

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	
	31.12.2016	31.12.2015
	RM'000	RM'000
CONTINUING OPERATIONS		
Deductible temporary differences	507	631
Unutilised tax losses	57,523	56,513
Unabsorbed capital allowances	8,936	8,752
	66,966	65,896
DISCONTINUED OPERATIONS		
Deductible temporary differences	-	(38)
Unutilised tax losses	-	8,448
Unabsorbed capital allowances	-	184
	-	8,594
	66,966	74,490

10 INVESTMENTS

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Guaranteed Financing	-	40,632	-	-
Islamic debt securities	-	168,738	-	-
Syariah-approved equity securities	-	80,396	-	-
Equity securities	36,779	29,972	5,084	-
Investment-linked units	-	218,518	-	-
Unit trusts	2,086	1,941	-	-
Loans	7,159	6,957	7	4
Fixed and call deposits with licensed banks	133,381	40,228	133,381	19,127
	179,405	587,382	138,472	19,131

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	2,086	354,855	-	-
AFS financial assets	36,779	144,710	5,084	-
HTM financial assets	-	40,632	-	-
Loans and receivables (Note 11)	140,540	47,185	133,388	19,131
	179,405	587,382	138,472	19,131

The following investments mature after 12 months:

AFS financial assets	-	114,738	-	-
HTM financial assets	-	40,632	-	-
Loans and receivables (Note 11)	2	18	2	2
	2	155,388	2	2

10 INVESTMENTS (continued)

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	2,023	1,873	-	-
Unit trusts quoted outside Malaysia	63	68	-	-
Investment-linked units	-	218,518	-	-
	2,086	220,459	-	-
Designated at FVTPL:				
Shariah-approved equity securities quoted in Malaysia	-	80,396	-	-
Islamic debt securities unquoted in Malaysia	-	54,000	-	-
	-	134,396	-	-
	2,086	354,855	-	-
(b) AFS financial assets				
Fair value:				
Equity securities unquoted in Malaysia	-	1,523	-	-
Equity securities quoted outside Malaysia	5,084	-	5,084	-
Equity securities unquoted outside Malaysia	31,695	28,449	-	-
Islamic debt securities unquoted in Malaysia	-	114,738	-	-
	36,779	144,710	5,084	-
(c) HTM financial assets				
Amortised cost:				
Malaysian Government Guaranteed Financing	-	40,632	-	-

10 **INVESTMENTS** (continued)

Carrying values of financial assets

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

GROUP

	FVTPL	AFS	HTM	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 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 gains/(losses) recorded in:				
Profit or loss (Note 25)	13,543	-	-	13,543
Other comprehensive loss				
- Gross fair value changes	-	(1,111)	-	(1,111)
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 36)	-	(1,586)	-	(1,586)
Currency translation differences	12	5,623	-	5,635
At 31 December 2015 / 1 January 2016	354,855	144,710	40,632	540,197
Purchases	80,101	3,590	-	83,691
Disposals including maturities and redemptions	(84,628)	(31,495)	-	(116,123)
Dividend income capitalised	67	-	-	67
Fair value gains/(losses) recorded in:				
Profit or loss (Note 25)	(16,706)	-	-	(16,706)
Other comprehensive income				
- Gross fair value changes	-	4,104	-	4,104
Takaful contract liabilities				
- Gross fair value changes (Note 16)	-	1,695	-	1,695
Movement in accrued interest/profit	519	(563)	(3)	(47)
Amortisation of premiums (Note 23)	-	(90)	(1)	(91)
Arising from disposal of a subsidiary (Note 35(a)(ii))	(332,121)	(86,370)	(40,628)	(459,119)
Currency translation differences	(1)	1,198	-	1,197
At 31 December 2016	2,086	36,779	-	38,865

10 INVESTMENTS (continued)

Carrying values of financial assets (continued)

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

COMPANY

	AFS
	RM'000
At 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 / 1 January 2016	-
Purchases	3,070
Fair value gain recorded in other comprehensive income	
- Gross fair value changes	2,014
At 31 December 2016	5,084

Fair values of investment

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 2016				
(a) Financial assets at FVTPL				
Held-for-trading:				
Unit trusts quoted in Malaysia	2,023	-	-	2,023
Unit trusts quoted outside Malaysia	-	63	-	63
	2,023	63	-	2,086
(b) AFS financial assets				
Equity securities quoted outside Malaysia	5,084	-	-	5,084
Equity securities unquoted outside Malaysia	-	-	31,695	31,695
	5,084	-	31,695	36,779

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

COMPANY

	Level 1
	RM'000
31 December 2016	
AFS financial assets	
Equity securities quoted outside Malaysia	5,084

10 INVESTMENTS (continued)

Fair values of investments (continued)

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

GROUP	**AFS**
	RM'000
At 1 January 2015	29,107
Capital reduction	(3,389)
Fair value loss recorded in other comprehensive loss	
- Gross fair value changes	(1,227)
Arising from deconsolidation of a subsidiary	(20)
Currency translation difference	5,500
At 31 December 2015 / 1 January 2016	29,971
Disposal	(1,523)
Fair value gain recorded in other comprehensive income	
- Gross fair value changes	2,049
Currency translation difference	1,198
At 31 December 2016	31,695

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 2016.

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 2016			
Net asset value	+10%	3,170	2,377
	-10%	(3,170)	(2,377)
31 December 2015			
Net asset value	+10%	2,997	2,248
	-10%	(2,997)	(2,248)

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

10 INVESTMENTS (continued)

Fair values of investments (continued)

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

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

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

11 LOANS AND RECEIVABLES

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans arising from:				
Secured loans	7,152	6,740	-	-
Unsecured loans	7	189	7	4
	7,159	6,929	7	4
Loans from leasing, hire purchase and others	20,905	24,492	-	-
Less: Allowance for impairment loss	(20,905)	(24,464)	-	-
	-	28	-	-
Fixed and call deposits with licensed banks	133,381	40,228	133,381	19,127
	140,540	47,185	133,388	19,131

11 LOANS AND RECEIVABLES (continued)

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Receivables within 12 months:				
Net loans	7,157	6,939	5	2
Fixed and call deposits with licensed banks	133,381	40,228	133,381	19,127
	140,538	47,167	133,386	19,129
Receivables after 12 months:				
Net loans	2	18	2	2
	140,540	47,185	133,388	19,131

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% (2015: 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 was 4.46% (2015: 2.85% to 4.10%) per annum.

The total loans portfolio from leasing, hire purchase and others as at 31 December 2016 included non-performing loans ("NPL") amounting to RM20,905,000 (2015: RM24,464,000), 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 RM18,264,000 (2015: RM13,128,000).

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

	GROUP	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
At 1 January	24,464	24,565
Allowance for impairment loss	-	1
Write back of impairment loss in respect of recoveries	(6)	(93)
Allowance for impairment loss – net (Note 28)	(6)	(92)
Bad debts written off	(3,553)	(9)
At 31 December	20,905	24,464

12 TAKAFUL RECEIVABLES

	GROUP	
	31.12.2016	31.12.2015
	RM'000	RM'000
Due contributions including agents, brokers and co-takaful balances	-	72,116
Due from retakaful operators and cedants	-	17,618
	-	89,734
Less: Allowance for impairment loss	-	(8,693)
	-	81,041
Receivable within 12 months	-	81,041
<u>Offsetting financial assets and financial liabilities</u>		
Gross amounts of recognised financial assets	-	100,876
Less: Gross amounts of recognised financial liabilities set off in the statement of financial position (Note 17)	-	(11,142)
Net amounts of recognised financial assets presented in the statement of financial position	-	89,734

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 2016 (2015: Nil).

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

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

	GROUP	
	31.12.2016	31.12.2015
	RM'000	RM'000
At 1 January	8,693	18,828
Write back of impairment loss (Note 30)	(827)	(6,164)
Bad debts written off	-	(1,138)
Arising from deconsolidation of a subsidiary	-	(2,833)
Arising from disposal of a subsidiary	(7,866)	-
At 31 December	-	8,693

13 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables of non-insurance subsidiaries	22	30	-	-
Amounts due from subsidiaries				
Amounts due from subsidiaries at gross	-	-	64,219	51,214
Less: Allowance for impairment loss	-	-	(32,636)	(26,129)
	-	-	31,583	25,085
Amounts due from associates	3,617	3,469	-	-
Proceeds from disposal of a subsidiary deposited in escrow account	-	20,590	-	-
Other receivables, deposits and prepayments				
Other receivables, deposits and prepayments, at gross	158,104	44,918	108,876	21,580
Less: Allowance for impairment loss	(30,038)	(28,669)	(8,982)	(7,282)
	128,066	16,249	99,894	14,298
	131,705	40,338	131,477	39,383
Receivables within 12 months	43,755	40,338	43,527	39,383
Receivables after 12 months	87,950	-	87,950	-

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	26,129	26,591
Allowance for/(write back of) impairment loss (Note 28)	-	-	6,507	(462)
At 31 December	-	-	32,636	26,129

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	28,669	20,217	7,282	282
Allowance for impairment loss (Note 30)	1,434	8,452	1,700	7,000
Arising from disposal of a subsidiary	(65)	-	-	-
At 31 December	30,038	28,669	8,982	7,282

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

13 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2016, the net amounts due from subsidiaries consist of interest-bearing advances of RM31,583,000 (2015: RM25,085,000). The interest-bearing advances bear interest rates ranging from 3.60% to 7.0% (2015: 3.60% 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.

As at 31 December 2015, 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 31 December 2013, the sale completion date; and

(b) interest receivable of RM1,295,000 on the Escrow Amount. The Escrow Amount bore an interest rate at 3.30% per annum.

The Group has on 7 January 2016 received the Escrow Amount together with interest therein from Manulife.

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

(a) A Retained Consideration of RM93,750,000 from the disposal of MAA Takaful receivable on the third anniversary of the sale completion date failing on 30 June 2018, and a charge for present value adjustment of RM5,800,000 to account for time value of money.

Under the sale and purchase agreement, the Retained Consideration will be used to settle Zurich Insurance Company Ltd ("Zurich")'s claims for breach of representations and warranties and also third party claims against MAA Takaful during the warranty period. As at 31 December 2016, the Group has not been notified of any claim by Zurich.

(b) An amount of RM20,005,000 (2015: RM20,005,000) ("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 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 that PIMA has failed to realise the Securities under the Sale Plan to settle the Extended Sum, the Company taking into consideration the existing soft property market has made a total impairment loss of RM8.7 million (2015: RM7.0 million) on the Extended Sum based on the forced sale values of the Securities conducted by independent professional valuers.

(c) A Subscription sum of RM27,255,000 injected into MAA General Assurance Philippines, Inc. ("MAAGAP") to subscribe for additional 300 million new shares of Peso 1,000 per share in MAAGAP which is pending the approval from the regulatory authority in the Philippines as at 31 December 2016, as disclosed in Note 47(d) to the financial statements.

14 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed and call deposits with licences banks	153,886	336,982	138,744	157,908
Cash and bank balances	3,188	20,263	480	51
	157,074	357,245	139,224	157,959

The weighted average effective interest rate of fixed and call deposits with licensed banks during the financial year ranged from 1.66% to 4.57% (2015: 2.18% to 4.10%) per annum.

15 ASSETS AND LIABILITIES 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 for the proposed disposal of the entire issued share capital of MAA Cards.

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 components of assets and liabilities held for sale and the related net cash flows attributable to the discontinued operations, MAA Cards 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
Fixed and call deposits	5,453
Cash and cash equivalents	313
	6,393
LIABILITIES CLASSIFIED AS HELD FOR SALE	
Trade and other payables	1,281

On 31 March 2016, MAA Corp completed the disposal of MAA Cards as disclosed in Note 47(c) to the financial statements. Details of the disposal of MAA Cards are disclosed in Note 35(a)(i) to the financial statements.

16 TAKAFUL CONTRACT LIABILITIES

	Note	GROUP					
		31.12.2016			31.12.2015		
		Gross	Retakaful	Net	Gross	Retakaful	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General takaful	(a)	-	-	-	380,799	(258,009)	122,790
Family takaful	(b)	-	-	-	465,993	(12,399)	453,594
		-	-	-	846,792	(270,408)	576,384

(a) General takaful

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

	GROUP					
	31.12.2016			31.12.2015		
	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
Provision for IBNR	-	-	-	80,041	(54,805)	25,236
Provision for risk of adverse deviation ("PRAD")	-	-	-	23,008	(17,003)	6,005
Claim liabilities (i)	-	-	-	255,634	(180,314)	75,320
Unearned contribution reserves (ii)	-	-	-	123,661	(77,695)	45,966
AFS reserves (iii)	-	-	-	(211)	-	(211)
Unallocated surplus (iv)	-	-	-	1,715	-	1,715
	-	-	-	380,799	(258,009)	122,790

(i) Claim liabilities

At 1 January	255,634	(180,314)	75,320	247,239	(200,713)	46,526
Claims incurred in the current accident year	93,775	(56,173)	37,602	159,475	(94,831)	64,644
Other movements in claims incurred in prior accident years	(9,438)	6,022	(3,416)	(27,431)	28,028	597
Claims paid during the financial year (Note 29(a))	(67,644)	40,995	(26,649)	(122,839)	84,155	(38,684)
Movement in PRAD	2,897	(1,781)	1,116	(810)	3,047	2,237
	19,590	(10,937)	8,653	8,395	20,399	28,794
Arising from disposal of a subsidiary	(275,224)	191,251	(83,973)	-	-	-
At 31 December	-	-	-	255,634	(180,314)	75,320

16 TAKAFUL CONTRACT LIABILITIES (continued)

(a) General takaful (continued)

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

	GROUP					
	31.12.2016			31.12.2015		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(ii) Unearned contribution reserves						
At 1 January	123,661	(77,695)	45,966	119,279	(79,669)	39,610
Contributions written during the financial year (Note 22(a))	145,527	(91,642)	53,885	281,998	(177,968)	104,030
Contributions earned during the financial year (Note 22(a))	(145,031)	92,828	(52,203)	(277,616)	179,942	(97,674)
	496	1,186	1,682	4,382	1,974	6,356
Arising from disposal of a subsidiary	(124,157)	76,509	(47,648)	-	-	-
At 31 December	-	-	-	123,661	(77,695)	45,966

(iii) AFS reserves

	GROUP		
	Gross	Deferred tax	Net
	RM'000	RM'000	RM'000
At 1 January 2015	(303)	76	(227)
Fair value changes arising from AFS financial assets	(167)	43	(124)
Transferred to profit or loss upon disposal of AFS financial assets	188	(48)	140
	21	(5)	16
At 31 December 2015 / 1 January 2016	(282)	71	(211)
Fair value changes arising from AFS financial assets	362	(90)	272
Transferred to profit or loss upon disposal of AFS financial assets	(43)	10	(33)
	319	(80)	239
Arising from disposal of a subsidiary	(37)	9	(28)
At 31 December 2016	-	-	-

16 TAKAFUL CONTRACT LIABILITIES (continued)

(a) General takaful (continued)

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

(iv) Unallocated surplus

	GROUP		
	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
At 1 January 2015	-	-	-
Surplus generated during the financial year	1,715	-	1,715
At 31 December 2015 / 1 January 2016	1,715	-	1,715
Surplus generated during the financial period	1,439	-	1,439
Arising from disposal of a subsidiary	(3,154)	-	(3,154)
At 31 December 2016	-	-	-

b) Family takaful

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

	GROUP					
	31.12.2016			31.12.2015		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Certificateholders' liabilities	-	-	-	86,907	-	86,907
Net assets values attributable to unitholders	-	-	-	366,096	(10,778)	355,318
Actuarial liabilities	-	-	-	453,003	(10,778)	442,225
Unallocated surplus attributable to unitholders	-	-	-	449	-	449
Accumulated deficits of non-investment-linked units	-	-	-	(16,043)	-	(16,043)
Qardhul Hassan	-	-	-	16,043	-	16,043
Claim liabilities	-	-	-	12,285	(1,621)	10,664
AFS reserves	-	-	-	256	-	256
	-	-	-	465,993	(12,399)	453,594

16 TAKAFUL CONTRACT LIABILITIES (continued)

b) Family takaful (continued)

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

						GROUP
			31.12.2016			31.12.2015
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	465,993	(12,399)	453,594	445,980	(14,535)	431,445
Contributions received (Note 22(b))	124,399	(7,337)	117,062	250,736	(14,053)	236,683
Liabilities paid for death, maturities, surrenders, benefits and claims (Note 29(b))	(74,112)	5,865	(68,247)	(161,027)	11,307	(149,720)
Movement in claim liabilities	(330)	110	(220)	2,353	(1,211)	1,142
Experience variance on in force takaful certificates	1,169	1,083	2,252	6,920	(2,576)	4,344
Reserves for new policies	(5,046)	1,088	(3,958)	(9,737)	1,650	(8,087)
Miscellaneous	(3,790)	(3,090)	(6,880)	12,133	7,019	19,152
Fees deducted	(41,533)	-	(41,533)	(75,132)	-	(75,132)
Surplus distributed to Shareholders' fund	(5,740)	-	(5,740)	(11,250)	-	(11,250)
Qardhul Hassan	(4,567)	-	(4,567)	4,695	-	4,695
Movement in AFS fair value adjustments						
- Gross fair value changes	1,333	-	1,333	258	-	258
- Transferred to profit or loss upon disposal of AFS financial assets	-	-	-	92	-	92
- Deferred tax	(107)	-	(107)	(28)	-	(28)
	1,226	-	1,226	322	-	322
Arising from disposal of a subsidiary	(457,669)	14,680	(442,989)	-	-	-
At 31 December	-	-	-	465,993	(12,399)	453,594

17 TAKAFUL PAYABLES

	GROUP	
	31.12.2016	31.12.2015
	RM'000	RM'000
Due to agents, brokers and co-takaful	-	31,466
Due to retakaful operators and cedants	-	56,771
	-	88,237
Retakaful operators' deposits withheld	-	84
	-	88,321
Payable within 12 months	-	88,321

Offsetting financial assets and financial liabilities

	31.12.2016	31.12.2015
Gross amounts of recognised financial liabilities	-	99,463
Less: Gross amounts of recognised financial assets set off in the statement of financial position (Note 12)	-	(11,142)
Net amounts of recognised financial liabilities presented in the statement of financial position	-	88,321

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 2016 (2015: Nil).

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

18 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Defined contribution retirement plan payable	137	83	51	54
Accrual for unutilised staff leave	227	208	190	179
Commissions payable	-	8,697	-	-
Provision for staff costs	1,831	1,955	1,330	790
Deposits contribution	-	7,410	-	-
Cash collaterals	-	6,530	-	-
Expenses liabilities	-	3,493	-	-
Proceeds from disposal of subsidiary deposited in escrow accounts payable to previous shareholders	-	9,266	-	-
Provision for liquidation fees and expenses of a deconsolidated subsidiary[*]	5,118	5,656	-	-
Other payables and accruals	4,803	27,781	3,044	1,532
	12,116	71,079	4,615	2,555
Payable within 12 months	9,612	67,164	3,578	2,555
Payable after 12 months	2,504	3,915	1,037	-

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

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

19 SHARE CAPITAL

	GROUP/COMPANY	
	31.12.2016	31.12.2015
	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	292,693	304,354
Cancellation of treasury shares (Note 20)	(19,175)	(11,661)
At end of financial year	273,518	292,693

20 TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed at the annual General Meeting on 20 June 2016 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 2016, the Company purchased a total 18,665,700 (2015: 10,145,100) ordinary shares of RM1 each of its issued share capital from the open market at an average price of RM0.94 (2015: RM0.71) per share. The total purchase consideration paid for the share buy-back including transaction costs amounted to RM17,617,118 (2015: RM7,178,435) and were financed by internally generated funds. The shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at purchase cost.

On 1 December 2016, the Company cancelled the whole 19,174,500 treasury shares in accordance with Section 67A of the Companies Act, 1965. Accordingly, the Company's issued share capital was diminished by cancellation of the said treasury shares.

As at 31 December 2016, there were no treasury shares held by the Company (2015: 508,800 shares).

<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 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 / 1 January 2016	509	444			0.87
January	491	313	0.88	0.90	0.64
February	1,269	1,325	0.90	0.95	1.04
March	419	396	0.94	0.94	0.95
April	2,117	2,052	0.95	0.99	0.97
July	5,435	5,031	0.81	0.99	0.93
August	2,812	2,625	0.88	0.95	0.93
September	5,523	5,303	0.93	0.99	0.96
October	600	572	0.95	0.95	0.95
Total purchased in 2016	18,666	17,617			0.94
Cancellation of treasury shares	(19,175)	(18,061)			
At 31 December 2016	-	-			-

As at 31 December 2016, the number of shares in issue after setting off treasury shares against equity was 273,518,000 (2015: 292,184,000).

21 RETAINED EARNINGS AND RESERVES

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Retained earnings	240,164	112,643	152,251	12,084
Reserves				
- Foreign exchange reserves	4,029	(6,246)	-	-
- AFS reserves	3,284	(255)	2,014	-
- Capital redemption reserves	30,836	11,661	30,836	11,661
	38,149	5,160	32,850	11,661
	278,313	117,803	185,101	23,745
Movement in retained earnings				
At 1 January	112,643	113,845	12,084	55,033
Profit/(loss) for the financial year	263,307	24,630	275,953	(17,117)
Interim dividends paid (Note 33)	(117,725)	(17,786)	(117,725)	(17,786)
Cancellation of treasury shares (Note 20)	(18,061)	(8,046)	(18,061)	(8,046)
At 31 December	240,164	112,643	152,251	12,084
Movement in foreign exchange reserves				
At 1 January	(6,246)	4,360	-	-
Currency translation differences arising during the financial year	10,275	(10,606)	-	-
At 31 December	4,029	(6,246)	-	-

21 RETAINED EARNINGS AND RESERVES (continued)

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Movement in AFS reserves				
At 1 January	(255)	2,664	-	229
Gross fair value changes	5,799	(1,020)	2,014	224
Transferred to profit or loss upon disposal of AFS financial assets	459	(822)	-	(453)
Deferred tax (Note 9)	(264)	(18)	-	-
Movement in fair value of AFS financial assets, net of tax	5,994	(1,860)	2,014	(229)
Changes in takaful contract liabilities arising from unrealised net fair value changes (Note 16(a)(iii) and (b))	(1,465)	(338)	-	-
Share of fair value changes of AFS financial assets of associates (Note 8)	(990)	(702)	-	-
Arising from deconsolidation of a subsidiary	-	(19)	-	-
At 31 December	3,284	(255)	2,014	-
Movement in capital redemption reserves				
At 1 January	11,661	-	11,661	-
Cancellation of treasury shares (Note 20)	19,175	11,661	19,175	11,661
At 31 December	30,836	11,661	30,836	11,661

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

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

22 NET EARNED PREMIUMS/CONTRIBUTIONS

CONTINUING OPERATIONS

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000
General fund			
(i) Gross earned premiums			
Insurance contracts		-	-
Change in unearned premium reserve		-	1
		-	1
(ii) Premiums ceded to reinsurers			
Insurance contracts		-	-
Change in unearned premium reserve		-	-
		-	-
Net earned premiums		-	1

DISCONTINUED OPERATIONS (Note 32)

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000
(a) General takaful			
(i) Gross earned contributions			
Takaful contracts	16(a)(ii)	145,527	281,998
Change in unearned contribution reserve		(496)	(4,382)
	16(a)(ii)	145,031	277,616
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(a)(ii)	(91,642)	(177,968)
Change in unearned contribution reserve		(1,186)	(1,974)
	16(a)(ii)	(92,828)	(179,942)
Net earned contributions		52,203	97,674

22 NET EARNED PREMIUMS/CONTRIBUTIONS (continued)

DISCONTINUED OPERATIONS (Note 32) (continued)

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000
(b) Family takaful			
(i) Gross earned contributions			
Takaful contracts	16(b)	124,399	250,736
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(b)	(7,337)	(14,053)
Net earned contributions		117,062	236,683
(c) Total			
(i) Gross earned contributions			
Takaful contracts		269,926	532,734
Change in unearned contribution reserve		(496)	(4,382)
		269,430	528,352
(ii) Contributions ceded to retakaful operators			
Takaful contracts		(98,979)	(192,021)
Change in unearned contribution reserve		(1,186)	(1,974)
		(100,165)	(193,995)
Net earned contributions		169,265	334,357

23 INVESTMENT INCOME

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties (Note 5)	248	163	-	-
Financial assets at FVTPL				
Dividend income				
- Equity securities quoted in Malaysia	67	60	-	-
AFS financial assets				
Interest income				
- Corporate debt securities unquoted in Malaysia	239	2,485	239	2,485
Dividend income				
- Equity securities unquoted in Malaysia	-	20	-	-
Amortisation of premiums				
- Corporate debt securities unquoted in Malaysia	-	(186)	-	(186)
	239	2,319	239	2,299
Loans and receivables				
Interest income				
- other secured and unsecured loans	113	162	-	-
- subsidiaries	-	-	2,009	2,079
	113	162	2,009	2,079
Fixed and call deposits interest income	10,532	6,891	9,937	6,178
	11,199	9,595	12,185	10,556

23 INVESTMENT INCOME (continued)

DISCONTINUED OPERATIONS (Note 32)

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Financial assets at FVTPL		
Profit income		
- Islamic debt securities unquoted in Malaysia	1,371	3,475
Dividend income		
- Syariah-approved equity securities quoted in Malaysia	867	2,938
	2,238	6,413
AFS financial assets		
Profit income		
- Islamic debt securities unquoted in Malaysia	2,652	7,444
Amortisation of premiums		
- Islamic debt securities unquoted in Malaysia	(90)	(508)
	2,562	6,936
HTM financial assets		
Profit income		
- Malaysian Government Guaranteed Financing	909	1,823
Amortisation of premiums		
- Malaysian Government Guaranteed Financing	(1)	(1)
	908	1,822
Fixed and call deposits interest/profit income	4,137	5,605
	9,845	20,776

24 REALISED GAINS AND LOSSES - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains	222	-	13	-
Realised losses	(4)	(30)	-	(26)
	218	(30)	13	(26)
AFS financial assets				
Realised gains				
- Equity securities unquoted in Malaysia	7	-	-	-
- Equity securities unquoted outside Malaysia	-	121	-	-
- Equity securities quoted outside Malaysia	-	67	-	-
Realised losses				
- Corporate debt securities unquoted in Malaysia	-	(3,918)	-	(3,918)
	7	(3,730)	-	(3,918)
	225	(3,760)	13	(3,944)

DISCONTINUED OPERATIONS (Note 32)

	GROUP	
	2016	2015
	RM'000	RM'000
Financial assets at FVTPL		
Syariah-approved equity securities quoted in Malaysia		
Realised gains	1,631	5,423
Realised losses	-	(1,048)
	1,631	4,375
AFS financial assets		
Islamic debt securities unquoted in Malaysia		
Realised gains	149	325
Realised losses	(270)	(280)
	(121)	45
Realised gains from disposal of subsidiaries (Note 35(a)(i) and (ii))	281,375	-
	282,885	4,420

25 FAIR VALUE GAINS AND LOSSES - NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fair value gains on investment properties (Note 5)	2,011	1,778	-	-
Financial assets at FVTPL				
Net fair value gains/(losses)				
- Unit trusts quoted outside Malaysia	(4)	(16)	-	-
- investment-linked units	83	(61)	-	-
	79	(77)	-	-
	2,090	1,701	-	-

DISCONTINUED OPERATIONS (Note 32)

	GROUP	
	2016	2015
	RM'000	RM'000
Financial assets at FVTPL		
Net fair value gains/(losses)		
- Islamic debt securities unquoted in Malaysia	-	(82)
- Syariah-approved equity securities quoted in Malaysia	22	13,458
- investment-linked units	(16,807)	244
	(16,785)	13,620

26 FEE AND COMMISSION INCOME

DISCONTINUED OPERATIONS (Note 32)

Retakaful commission income	19,730	41,876

27 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue from non-insurance businesses				
- management fee income	25	12	944	1,294
- interest income from hire purchase, leasing and other credit activities	28	29	-	-
- fee income from education services	6,533	6,798	-	-
- others	274	226	-	-
	6,860	7,065	944	1,294

DISCONTINUED OPERATIONS (Note 32)

	GROUP	
	2016	2015
	RM'000	RM'000
Revenue from non-insurance businesses		
- income from card services	104	269

28 OTHER OPERATING INCOME/(EXPENSES) – NET

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- written off (Note 4)	(61)	-	(18)	-
- allowance for impairment loss (Note 4)	(12)	(838)	-	-
Intangible assets written off (Note 6)	(1)	-	-	-
Bad debts recovered/(written off)	63	(82)	-	-
(Allowance for)/write back of impairment loss on:				
- investments in subsidiaries (Note 7)	-	-	-	(1,274)
- amounts due from subsidiaries (Note 13)	-	-	(6,507)	462
- loans from leasing, hire purchase and others – net (Note 11)	6	92	-	-
Income from claim liabilities waived*	-	171	-	-
Realised foreign exchange gain/(loss)	17	(7)	-	-
Unrealised foreign exchange (loss)/gain	(632)	3,960	11,755	-
Net gain after impairment loss from deconsolidation of a subsidiary (Note 36)	-	48,324	-	-
Disposal costs of MAA Takaful	(1,780)	-	(1,780)	-
Present value adjustment on Retained Consideration (Note 13)	(5,800)	-	(5,800)	-
Others	973	4,005	224	340
	(7,227)	55,625	(2,126)	(472)

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

DISCONTINUED OPERATIONS (Note 32)

	GROUP	
	2016	2015
	RM'000	RM'000
Property, plant and equipment written off (Note 4)	(16)	(66)
Intangible assets written off (Note 6)	(383)	-
Write back of takaful payables	6,666	-
Others	417	(1,337)
	6,684	(1,403)

29 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

CONTINUING OPERATIONS

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000
General fund			
(i) Gross benefits and claims paid		-	(6,463)
(ii) Claims ceded to reinsurers		-	3,010
(iii) Gross change to contract liabilities		-	11,954
(iv) Change in contract liabilities ceded to reinsurers		-	(6,497)
Net insurance benefits and claims		-	2,004

DISCONTINUED OPERATIONS (Note 32)

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000
(a) General takaful			
(i) Gross benefits and claims paid	16(a)(i)	(67,644)	(122,839)
(ii) Claims ceded to retakaful operators	16(a)(i)	40,995	84,155
(iii) Gross change to contract liabilities		(21,028)	(10,111)
(iv) Change in contract liabilities ceded to retakaful operators		10,937	(20,399)
Net takaful benefits and claims		(36,740)	(69,194)
(b) Family takaful			
(i) Gross benefits and claims paid	16(b)	(74,112)	(161,027)
(ii) Claims ceded to retakaful operators	16(b)	5,865	11,307
(iii) Gross change to contract liabilities		9,816	(15,269)
(iv) Change in contract liabilities ceded to retakaful operators		2,171	(925)
Net takaful benefits and claims		(56,260)	(165,914)
(c) Total			
(i) Gross benefits and claims paid		(141,756)	(283,866)
(ii) Claims ceded to retakaful operators		46,860	95,462
(iii) Gross change to contract liabilities		(11,212)	(25,380)
(iv) Change in contract liabilities ceded to retakaful operators		13,108	(21,324)
Net takaful benefits and claims		(93,000)	(235,108)

30 MANAGEMENT EXPENSES

CONTINUING OPERATIONS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Staff costs (including Executive Directors)				
- salaries and bonus	16,667	15,405	10,946	8,925
- defined contribution retirement benefits	2,534	2,058	1,697	1,354
- annual leave	18	(91)	10	(79)
- other staff benefits	572	310	175	186
	19,791	17,682	12,828	10,386
Depreciation of property, plant and equipment (Note 4)	828	853	439	423
Amortisation of intangible assets (Note 6)	86	85	71	71
Amortisation of leases (Note 4)	2	2	-	-
Auditors' remuneration				
- statutory audit				
- current year	299	176	235	112
- under provision in prior financial year	40	27	40	44
- audit related services				
- under provision in prior years	150*	-	150*	-
- non-audit related services				
- current year	570*	-	570*	-
Auditors' remuneration payable/paid to other audit firms	57	85	-	-
Non-executive Directors' fees and other emoluments	299	300	257	248
Tutors' fees for education services	769	680	-	-
Fees paid to a company in which certain Directors have an interest	241	228	219	204
Allowance for impairment loss on other receivables (Note 13)	1,407	8,431	1,700	7,000
Office rental	1,644	1,648	421	421
Staff training expenses	39	50	36	31
Computer expenses	311	431	281	401
Advertising, promotional and entertainment expenses	953	715	752	561
Motor vehicle, accommodation and travelling expenses	1,689	1,563	1,369	1,070
Printing and stationery	411	333	130	106
Postage, telephone and fax	135	139	68	68
Professional fees	2,587	1,883	2,461	1,164
Staff amenities	194	164	112	126
Electricity and water	277	288	34	46
Expenses of investment properties (Note 5)	603	543	-	-
Security charges	401	451	401	451
Provision for liquidation fees and expenses of a deconsolidated subsidiary	-	5,656	-	-
Others	3,408	2,779	1,810	1,633
	37,191	45,192	24,384	24,566

* Disposal costs of MAA Takaful

30 MANAGEMENT EXPENSES (continued)

DISCONTINUED OPERATIONS (Note 32)

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Staff costs		
- salaries and bonus	18,529	31,555
- defined contribution retirement benefits	2,897	4,583
	21,426	36,138
Depreciation of property, plant and equipment (Note 4)	1,287	2,502
Amortisation of intangible assets (Note 6)	637	1,388
Auditors' remuneration		
- statutory audit		
- current year	154	461
- under provision in prior financial year	195	275
- non-audit related services		
- current year	6	12
Bad debts written off	-	6
Fees paid to a company in which certain Directors have an interest	91	112
Allowance for impairment loss on other receivables (Note 13)	27	21
Write back of impairment loss on takaful receivables (Note 12)	(827)	(6,164)
Office rental	1,420	2,999
Rental of office equipment	44	91
Agency and staff training expenses	1,687	3,334
Repairs and maintenance	755	1,771
EDP expenses	1,579	3,110
Advertising, promotional and entertainment expenses	3,644	6,963
Motor vehicle, accommodation and travelling expenses	943	1,830
Printing and stationery	1,469	1,812
Postage, telephone and fax	522	904
Professional fees	1,678	3,039
Staff amenities	242	487
Electricity and water	388	826
Credit card charges	584	1,499
Manage care organisation fees	1,264	949
Motor club expenses	635	1,325
Policy stamping fees	445	1,018
Visa fees, outsourcing fees and other direct costs payable for debit cards operations	144	1,175
Others	3,566	8,359
	44,005	76,242

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	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- salaries	4,205	4,059	3,779	3,651
- bonus	2,010	1,125	1,939	1,057
- defined contribution retirement benefits	1,032	800	964	736
- other emoluments	267	-	254	-
- estimated monetary value of benefits-in-kind	109	112	81	92
	7,623	6,096	7,017	5,536
Non-executive Directors:				
- fees	220	230	180	180
- other emoluments	79	70	77	68
	299	300	257	248
	7,922	6,396	7,274	5,784
Chief Executive Officers:				
- salaries	1,288	1,511	1,288	1,244
- bonus	1,417	427	1,417	405
- defined contribution retirement benefits	454	256	454	256
- other emoluments	134	-	134	-
- estimated monetary value of benefits-in-kind	51	46	51	46
	3,344	2,240	3,344	1,951

DISCONTINUED OPERATIONS

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Executive Directors:		
- fees	22	45
- other emoluments	10	16
	32	61
Non-executive Directors:		
- fees	196	459
- other emoluments	66	125
	262	584
	294	645
Chief Executive Officer:		
- salaries	384	709
- bonus	182	118
- defined contribution retirement benefits	86	132
- estimated monetary value of benefits-in-kind	10	21
	662	980

31 TAXATION

CONTINUING OPERATIONS

	GROUP	
	Shareholders' fund	Total
	RM'000	RM'000
2016		
Current tax	(12)	(12)
Deferred tax (Note 9)	78	78
Tax expenses	66	66
Current tax		
Current financial year	1	1
Over provision in prior financial years	(13)	(13)
	(12)	(12)
Deferred tax		
Origination and reversal of temporary differences	78	78
	66	66
2015		
Current tax	125	125
Deferred tax (Note 9)	(15)	(15)
Tax expenses	110	110
Current tax		
Current financial year	111	111
Under provision in prior financial years	14	14
	125	125
Deferred tax		
Origination and reversal of temporary differences	(15)	(15)
	110	110

31 TAXATION (continued)

DISCONTINUED OPERATIONS (Note 32)

	GROUP			
	Shareholders' fund	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2016				
Current tax	3,705	1,919	572	6,196
Deferred tax (Note 9)	24	234	(1,345)	(1,087)
Tax expenses	3,729	2,153	(773)	5,109
Current tax				
Current financial year	3,705	1,919	572	6,196
Deferred tax				
Origination and reversal of temporary differences	24	234	(1,345)	(1,087)
	3,729	2,153	(773)	5,109
2015				
Current tax	9,406	96	1,066	10,568
Deferred tax (Note 9)	19	874	968	1,861
Tax expenses	9,425	970	2,034	12,429
Current tax				
Current financial year	2,694	96	1,310	4,100
Under/(over) provision in prior financial years	6,712	-	(244)	6,468
	9,406	96	1,066	10,568
Deferred tax				
Origination and reversal of temporary differences	19	874	968	1,861
	9,425	970	2,034	12,429

31 TAXATION (continued)

	COMPANY	
	2016	**2015**
	RM'000	**RM'000**
Deferred tax (Note 9)	78	(15)
Tax expenses/(income)	78	(15)
Deferred tax		
Origination and reversal of temporary differences	78	(15)

Tax expenses/(income) comprised the following:

	GROUP			
	Shareholders' fund	**General takaful fund**	**Family takaful fund**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2016				
Continuing operations	66	-	-	66
Discontinued operations	3,729	2,153	(773)	5,109
Tax expenses/(income)	3,795	2,153	(773)	5,175
2015				
Continuing operations	110	-	-	110
Discontinued operations	9,425	970	2,034	12,429
Tax expenses	9,535	970	2,034	12,539

31 TAXATION (continued)

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation				
- Continuing operations	(19,316)	30,829	(13,368)	(17,132)
- Discontinued operations	288,250	4,801	289,399	-
	268,934	35,630	276,031	(17,132)
Tax expenses attributable to participants	(1,380)	(3,004)	-	-
Profit/(loss) before taxation	267,554	32,626	276,031	(17,132)
Taxation at Malaysia statutory tax rate of 24% (2015: 25%)	64,213	8,157	66,247	(4,283)
Tax effects of:				
- expenses not deductible for tax purposes	6,908	7,435	5,092	3,428
- income not taxable for tax purposes	(69,129)	(13,350)	(72,763)	-
- tax losses not recognised	1,826	1,493	1,506	840
- benefits from previous year unrecognised deductible temporary differences	-	(863)	-	-
- deductible temporary differences not recognised	-	2	-	-
- effects of different tax rates in foreign jurisdictions	(6)	11	-	-
- tax expenses attributable to participants	1,380	3,004	-	-
- utilisation of tax losses	-	135	-	-
- utilisation of capital allowances	-	(9)	-	-
- (over)/under provision in prior financial years	(13)	6,726	-	-
- re-measurement of deferred tax due to changes in tax rate	(4)	(202)	(4)	-
Total tax expenses/(income)	5,175	12,539	78	(15)

The taxation charge in profit or loss 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.

32 DISCONTINUED OPERATIONS

		GROUP	
	Note	2016	2015
		RM'000	RM'000
Gross earned contributions	22(c)	269,430	528,352
Contributions ceded to retakaful operators	22(c)	(100,165)	(193,995)
Net earned contributions		169,265	334,357
Investment income	23	9,845	20,776
Realised gains and losses - net	24	282,885	4,420
Fair value gains and losses - net	25	(16,785)	13,620
Fee and commission income	26	19,730	41,876
Other operating revenue from non-insurance businesses	27	104	269
Other operating income/(expenses)- net	28	6,684	(1,403)
Other revenue		302,463	79,558
Total revenue		471,728	413,915
Gross benefits and claims paid	29(c)	(141,756)	(283,866)
Claims ceded to retakaful operators	29(c)	46,860	95,462
Gross change to contract liabilities	29(c)	(11,212)	(25,380)
Change in contract liabilities ceded to retakaful operators	29(c)	13,108	(21,324)
Net takaful benefits and claims		(93,000)	(235,108)
Fee and commission expenses		(46,143)	(97,315)
Management expenses	30	(44,005)	(76,242)
Expense liabilities		(330)	(377)
Other expenses		(90,478)	(173,934)
Profit before zakat		288,250	4,873
Zakat		-	(72)
Profit after zakat		288,250	4,801
Tax expenses attributable to participants		(1,380)	(3,004)
Profit before taxation		286,870	1,797
Taxation	31	(5,109)	(12,429)
Tax expenses attributable to participants		1,380	3,004
Tax expenses attributable to Shareholders' fund		(3,729)	(9,425)
Profit/(loss) for the financial year		283,141	(7,628)

The financial results of discontinued operations for the financial year ended 31 December 2016 represent MAA Takaful and MAA Cards, subsidiaries disposed during the financial year as disclosed respectively in Note 47(b) and (c) to the financial statements. The comparatives have been restated to include the financial results of those disposed subsidiaries.

COMPANY

The profit of RM289,399,000 for the financial year ended 31 December 2016 comprised of realised gain from disposal of MAA Takaful as disclosed in Note 35(a)(ii) to the financial statements.

33 DIVIDENDS

In respect of the financial year ended 31 December 2016, the following dividend payments were made:

(a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM8,712,698 on 31 March 2016;

(b) an interim special dividend of 35 sen per ordinary share under the single-tier dividend system totalling RM100,760,468 on 5 August 2016; and

(c) a second interim dividend of 3 sen per ordinary share under the single-tier dividend system totalling RM8,251,667 on 10 October 2016.

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

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

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

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

The Company paid a first interim dividend of 6 sen per share under the single-tier dividend system totalling RM16,411,065 on 31 March 2017 in respect of the financial year ending 31 December 2017.

34 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 NCI as stated below over the weighted average number of ordinary shares of the Company in issue during the financial year of 284,268,000 shares (2015: 297,846,000 shares), net of treasury shares.

	2016 RM'000	2015 RM'000
(Loss)/profit for the financial year from continuing operations after NCI	(19,382)	30,604
Profit/(loss) for the financial year from discontinued operations after NCI	282,689	(5,974)
Profit for the financial year attributable to the owners of the Company	263,307	24,630

35 DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries carried out during the financial year ended 31 December 2016 were:

(i) On 31 March 2016, MAA Corp completed the disposal of its entire equity interest in MAA Card for a total cash consideration of the aggregate of RM1.0 million and the amount equivalent to the final net current asset of MAA Card on completion date, as disclosed in Note 47(c) to the financial statements.

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

Details of the disposal of MAA Cards are as follows:

GROUP

	At date of disposal
	RM'000
Property, plant and equipment	15
Intangible assets	18
Trade and other receivables	400
Fixed and call deposits	5,537
Cash and cash equivalents	534
Trade and other payables	(1,456)
Net assets	5,048
Net disposal proceeds	(6,015)
Gain on disposal to the Group (Note 24)	(967)

The net cash flow on disposal was determined as follows:

Net cash received	6,015
Cash and cash equivalents of disposed subsidiary	(534)
Cash inflow to the Group on disposal	5,481

35 DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries carried out during the financial year ended 31 December 2016 were: (continued)

(ii) On 30 June 2016, the Company completed the disposal of its 75% equity interest in MAA Takaful to Zurich for a cash consideration of RM393.75 million, as disclosed in Note 47(b) to the financial statements.

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

Details of the disposal of MAA Takaful are as follows:

GROUP	**At date of disposal RM'000**
Property, plant and equipment (Note 4)	9,661
Intangible assets (Note 6)	2,745
Deferred tax assets	2,964
Retakaful assets	282,440
Investments	475,275
Financial assets at FVTPL	332,121
AFS financial assets	86,370
HTM financial assets	40,628
Loans and receivables	16,156
Takaful receivables	55,075
Other receivables	15,569
Cash and cash equivalents	264,211
Takaful contract liabilities (Note 16)	(860,232)
Deferred tax liabilities	(989)
Takaful payables	(79,177)
Other payables	(49,257)
Current tax liabilities	(6,053)
Net assets	112,232
Less: NCI	(28,241)
	83,991
Net disposal proceeds (*)	(364,399)
Gain on disposal to the Group (Note 24)	(280,408)

The net cash flow on disposal was determined as follows:

Net disposal proceeds (*)	364,399
Less: Retained Consideration (**)	(93,750)
Net cash received	270,649
Cash and cash equivalents of disposed subsidiary	(264,211)
Cash inflow to the Group on disposal	6,438

35 DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries carried out during the financial year ended 31 December 2016 were: (continued)

(ii) Details of the disposal of MAA Takaful are as follows: (continued)

COMPANY	**At date of disposal RM'000**
Cost of investment	75,000
Net disposal proceeds (*)	(364,399)
Gain on disposal to the Company (Note 32)	289,399

The net cash flow on disposal was determined as follows:

Net disposal proceeds (*)	364,399
Less: Retained Consideration (**)	(93,750)
Net cash received	270,649

*The net disposal proceeds of the Group are derived from sale consideration of RM393,750,000 less a downward adjustment of RM29,351,000 pursuant to income statement and statement of financial position of MAA Takaful for the period from 1 January 2015 to the completion date on 30 June 2016, which were prepared in accordance with the terms of the SPA and agreed by all parties.

**The Retained Consideration of RM93,750,000 from the disposal of MAA Takaful will be receivable on the third anniversary of the sale completion date failing on 30 June 2018.

(b) Disposal of subsidiary carried out during the previous financial year ended 31 December 2015 was:

On 20 May 2015, MAA Corporate Advisory Sdn Bhd completed the disposal of its entire equity interest in MAACACS for a total cash consideration of RM10.

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

Details of the disposal of MAACACS were 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 DECONSOLIDATION OF A SUBSIDIARY

On 14 September 2015, the Company announced that 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 had 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 had 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 Demonic, 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 had relinquished its control and involvement in the operation and financial matters of PT MAAG to the liquidators. Accordingly, PT MAAG had ceased to be a subsidiary of the Group with effect from 1 December 2015 and had been deconsolidated from group consolidated accounts on that date.

Details of the deconsolidation of PT MAAG were 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 (Note 36(i))	(24,975)
Insurance payables	(94,977)
Trade and other payables	(23,223)
Net liabilities	(79,910)
Less: NCI	(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)

36 DECONSOLIDATION OF A SUBSIDIARY (continued)

(i) Insurance contract liabilities

The insurance contract liabilities and movements were further analysed as follows:

	Gross RM'000	Reinsurance RM'000	Net RM'000
Claim liabilities (a)	24,975	-	24,975
Premium liabilities (b)	1	(1)	-
	24,976	(1)	24,975

(a) Claim liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2015	34,855	(6,508)	28,347
Claims incurred in the current accident period	(4,029)	3,373	(656)
Claims paid during the financial period (Note 29)	(6,463)	3,010	(3,453)
Movement in IBNR	(1,462)	114	(1,348)
	(11,954)	6,497	(5,457)
Currency translation differences	2,074	11	2,085
At 30 November 2015	24,975	-	24,975

(b) Premium liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2015	2	(1)	1
Premiums written during the financial period (Note 22)	-	-	-
Premiums earned during the financial period (Note 22)	(1)	-	(1)
	(1)	-	(1)
At 30 November 2015	1	(1)	-

37 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Office renovation	-	114	-	-

(b) Operating lease commitments

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

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
No later than 1 year	775	3,356	386	421
Later than 1 year and no later than 3 years	-	2,846	-	386
	775	6,202	386	807

38 SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties and relationships

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

Related party	Relationship
Melewar Equities Sdn Bhd	Substantial shareholder of the Company
Melewar Khyra Sdn Bhd	Substantial shareholder of the Company
Trace Management Services Sdn Bhd	Company controlled by certain Directors of the Company
Melewar Industrial Group Berhad	Company controlled by certain Directors of the Company

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.

38 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Significant related party transactions (continued)

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

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with subsidiaries:				
Interest income from advances to subsidiaries	-	-	2,009	2,079
Management fee income from subsidiaries	-	-	869	1,239
Office support fee income from subsidiaries	-	-	60	55
Transactions with related parties:				
Rental income receivable from:				
Melewar Industrial Group Berhad	80	80	-	-
Melewar Equities Sdn Bhd	52	52	-	-
Trace Management Services Sdn Bhd	51	103	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	18	18	-	-
Melewar Equities Sdn Bhd	12	12	-	-
Company secretarial and related fees payable to Trace Management Services Sdn Bhd	(332)	(340)	(219)	(204)

Related party receivables/payables

The balances with related parties at the financial year end are disclosed in Note 13 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 of 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.

39 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.

During the current financial year, the Group has reassessed its operating segments in accordance with MFRS 8.13. Based on the assessment, the Group has identified education services, retail mortgage lending and loan securitisation which met the quantitative thresholds as the Group's additional operating segments. In order to conform to the current financial year's presentation of segmental information, the preceding financial year's segmental information of the additional operating segments have been restated accordingly.

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

The following summary describes the operations in each of the Group's operating segments for the current financial year ended 31 December 2016:

- Investment holdings
- Education services
- Retail mortgage lending and loan securitisation
- 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 takaful businesses(*)

Other segments comprise hire purchase, leasing and other credit activities, consultancy services and card business.

*Discontinued operations

Other than the stated above, 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:

(i) in the previous financial year PT MAAG, a subsidiary which carried out the general insurance business was recognised as operating segment for 11 months period ended 30 November 2015 before it was deconsolidated from group consolidated account with effect from 1 December 2015 when liquidators were appointed to commence the shareholders voluntary winding of the company; and

(ii) as disclosed in Note 47(b) and (c) to the financial statements, the Company has completed the disposal of MAA Takaful and MAA Cards on 30 June 2016 and 31 March 2016 respectively. Accordingly the total assets and liabilities of MAA Takaful and MAA Cards were deconsolidated upon disposal as they had ceased to be subsidiaries of the Group.

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.

39 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2016

	Investment holdings		Education services	Retail mortgage lending and loan securiti-sation	General insurance	Takaful			Other segments		Total	Inter-segment elimination	Group
						General takaful fund	Family takaful fund	Share holders' fund					
	Conti-nuing	Disconti-nued				Disconti-nued	Disconti-nued	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	11,366	-	6,536	-	-	148,280	129,143	1,814	157	142	297,438	-	297,438
Net earned contributions (Note 22)	-	-	-	-	-	52,203	117,062	-	-	-	169,265	-	169,265
Interest/profit income (Note 23)	10,832	-	3	-	-	3,302	3,913	1,816	49	38	19,953	-	19,953
Write back of impairment loss on loans from leasing, hire purchase and others – net (Note 28)	-	-	-	-	-	-	-	-	6	-	6	-	6
Other revenue	(4,583)	281,375	6,625	-	-	27,322	(13,647)	90,248	215	104	387,659	(92,008)	295,651
Net takaful benefits and claims (Note 29)	-	-	-	-	-	(36,740)	(56,260)	-	-	-	(93,000)	-	(93,000)
Allowance for impairment loss on other receivables (Note 30)	(1,945)	-	-	-	-	(27)	-	-	-	-	(1,972)	-	(1,972)
Write back of impairment loss on takaful receivables (Note 30)	-	-	-	-	-	827	-	-	-	-	827	-	827
Other expenses	(25,429)	-	(6,577)	-	-	(44,734)	(47,274)	(89,017)	(2,326)	(337)	(215,694)	92,008	(123,686)
Depreciation (Note 30)	(728)	-	(98)	-	-	-	-	(1,283)	(2)	(4)	(2,115)	-	(2,115)
Amortisation (Note 30)	(71)	-	(8)	-	-	-	-	(631)	(7)	(6)	(723)	-	(723)
(Loss)/profit by segments	(21,924)	281,375	(55)	-	-	2,153	3,794	1,133	(2,065)	(205)	264,206	-	264,206
Tax (expenses)/income attributable to participants	-	-	-	-	-	(2,153)	773	-	-	-	(1,380)	-	(1,380)
	(21,924)	281,375	(55)	-	-	-	4,567	1,133	(2,065)	(205)	262,826	-	262,826
Share of profit of associates	-	-	-	1,519	3,209	-	-	-	-	-	4,728	-	4,728
(Loss)/profit before taxation	(21,924)	281,375	(55)	1,519	3,209	-	4,567	1,133	(2,065)	(205)	267,554	-	267,554

39 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2015

	Investment holdings		Education services	Retail mortgage lending and loan securiti-sation	General insurance	Takaful			Other segments		Total	Inter-segment elimination	Group
						General takaful fund	Family takaful fund	Share holders' fund					
	Conti-nuing	Disconti-nued				Disconti-nued	Disconti-nued	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	9,532	-	6,804	-	165	283,138	261,976	3,866	160	417	566,058	-	566,058
Net earned premiums/contributions (Note 22)	-	-	-	-	1	97,674	236,683	-	-	-	334,358	-	334,358
Interest/profit income (Note 23)	9,304	-	6	-	164	5,708	8,526	3,965	64	148	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	51,085	-	6,815	-	259	39,564	19,131	181,708	2,437	269	301,268	(179,461)	121,807
Net insurance/takaful benefits and claims (Note 29)	-	-	-	-	2,004	(69,194)	(165,914)	-	-	-	(233,104)	-	(233,104)
(Allowance for)/write back of impairment loss on other receivables (Note 30)	(8,637)	-	-	-	-	(21)	-	-	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	(26,496)	-	(6,066)	-	(1,724)	(76,874)	(102,587)	(174,437)	(1,537)	(1,750)	(391,471)	179,461	(212,010)
Depreciation (Note 30)	(763)	-	(55)	-	(29)	-	-	(2,488)	(6)	(14)	(3,355)	-	(3,355)
Amortisation (Note 30)	(71)	-	(9)	-	-	-	-	(1,364)	(5)	(24)	(1,473)	-	(1,473)
Profit/(loss) by segments	24,422	-	691	-	675	1,521	(2,661)	7,384	1,251	(1,371)	31,912	-	31,912
Zakat	-	-	-	-	-	-	-	(72)	-	-	(72)	-	(72)
Tax expenses attributable to participants	-	-	-	-	-	(970)	(2,034)	-	-	-	(3,004)	-	(3,004)
	24,422	-	691	-	675	551	(4,695)	7,312	1,251	(1,371)	28,836	-	28,836
Share of profit of associates	-	-	-	1,311	2,479	-	-	-	-	-	3,790	-	3,790
Profit/(loss) before taxation	24,422	-	691	1,311	3,154	551	(4,695)	7,312	1,251	(1,371)	32,626	-	32,626

39 SEGMENTAL INFORMATION (continued)

	Investment holdings	Education services			Takaful	Other segments	Group
			General takaful fund	Family takaful fund	Share holders' fund		
			Disconti-nued	Disconti-nued	Disconti-nued		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2016							
Segment assets	485,532	1,564	-	-	-	5,344	492,440
Associates *	71,692	-	-	-	-	-	71,692
Total assets	557,224	1,564	-	-	-	5,344	564,132
31 December 2015							
Segment assets	267,169	1,805	483,239	482,982	136,705	11,083	1,382,983
Associates *	67,954	-	-	-	-	-	67,954
Total assets	335,123	1,805	483,239	482,982	136,705	11,083	1,450,937

* operating segments engaged in general insurance, retail mortgage lending and loan securitisation activities

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Malaysia				
- Continuing operations	18,051	16,404	276,425	18,166
- Discontinued operations	279,379	549,397	-	-
	297,430	565,801	276,425	18,166
Indonesia	-	165	11,122	9,687
London	-	-	8,702	9,669
Others	8	92	-	-
	297,438	566,058	296,249	37,522

40 CAPITAL MANAGEMENT

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

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

The Group and the Company's capital comprised initial ordinary share capital and retained earnings. The Group and the Company do not have any borrowings as at 31 December 2016.

41 RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

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

The Board through the Group Risk Management Committee is ultimately responsible for effective risk oversight and the framework within the Group. The Group Risk Management Committee determines the remit, roles, resources and structure for risk management functions to operate effectively and efficiently and is supported by the Group Audit and Risk Department. As for the operation in Philippines and Australia, the risk management function is supported by their own internal team who report directly to their respective Risk Management Committees, and indirectly to the Group Risk Management Committee.

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

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

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

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

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

42 TAKAFUL RISK

The risk underlying any 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 takaful contracts, the principal risk that the Group faces is that claims and benefit payments exceed the amount of 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 takaful subsidiary include health, group family, mortgage and investment-linked. The takaful subsidiary 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 takaful subsidiary'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. As all of the business is derived from Malaysia, the entire Family takaful contract liabilities are in Malaysia.

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

	31.12.2016			31.12.2015		
	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
Term	-	-	-	64,642	(10,541)	54,101
	-	-	-	465,737	(12,399)	453,338

There is no concentration of Family takaful contract liabilities as at 31 December 2016 as the takaful subsidiary engaged in Family takaful business has been disposed on 30 June 2016.

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

42 TAKAFUL RISK (continued)

(I) Family takaful contracts (continued)

Sensitivities (continued)

	Impact on Family takaful contract liabilities			
	Change in assumptions	**Gross**	**Net**	**(Loss)/profit before taxation***
	%	**RM'000**	**RM'000**	**RM'000**
31 December 2016				
Mortality/morbidity	-	-	-	-
Lapse and surrender rates	-	-	-	-
Discount rate	-	-	-	-
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

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

No analysis was performed for the impact on gross and net liabilities as at 31 December 2016 as the takaful subsidiary engaged in Family takaful business has been disposed on 30 June 2016.

(II) General takaful contracts

Risks under General takaful contracts usually cover twelve-month duration. The risks inherent in General takaful contracts are reflected in the takaful contract liabilities which include the contributions and claims liabilities, as set out under Note 16(a) to the financial statements. 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 takaful subsidiary manages its takaful risks for 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 takaful risks through purchase of both proportional and non-proportional retakaful treaties; and
- Regular monitoring of claim experience and comparing actual experience against that implied in pricing.

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

	31.12.2016			31.12.2015		
	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
Motor vehicle	-	-	-	127,351	(77,766)	49,585
Marine Cargo, Aviation Cargo and Transit	-	-	-	10,790	(10,125)	665
Miscellaneous	-	-	-	81,405	(60,321)	21,084
	-	-	-	255,634	(180,314)	75,320

There is no concentration of General takaful contract liabilities as at 31 December 2016 as the takaful subsidiary engaged in General takaful business has been disposed on 30 June 2016.

42 TAKAFUL RISK (continued)

(II) General takaful contracts (continued)

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

	Impact on General takaful contract liabilities				
	Change in assumptions	**Gross**	**Net**	**Profit before taxation**	**Profit after taxation***
	%	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2016					
Average open claims	-	-	-	-	-
Loss ratio	-	-	-	-	-
Provision for risk of adverse deviation	-	-	-	-	-
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)

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

No analysis was performed for the impact on gross and net liabilities as at 31 December 2016 as the takaful subsidiary engaged in General takaful business has been disposed on 30 June 2016.

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 takaful subsidiary 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.

42 TAKAFUL RISK (continued)

(II) 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

42 TAKAFUL RISK (continued)

(II) 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
Pipeline business									5,072
Net General takaful contract liabilities									75,320

There is no estimate of estimate of cumulative incurred claims, including both claims notified and IBNR by accident year as at 31 December 2016 as the takaful subsidiary engaged in General takaful business has been disposed on 30 June 2016.

43 FINANCIAL RISK

The Group is exposed to a range of financial risks through its assets, financial liabilities and 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 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 takaful subsidiary to achieve long term investment returns in excess its obligations under the takaful contracts. The key principles of the policies are to match assets to the liabilities by reference to the type of benefits payable to 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 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 takaful receivables and 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 retakaful share of unearned contribution reserves in relation to the General takaful fund and Qardhul Hassan are not financial instruments and hence are not exposed to credit risk.

Retakaful is used to manage takaful risk. This does not, however, discharge the Group's liability as primary takaful operator. If a participant retakaful operator fails to pay a claim for any reason, the Group remains liable for the payment to the participants. The creditworthiness of 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.

43 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

	Shareholders' funds	Investment -linked fund	Total
	RM'000	RM'000	RM'000
31 December 2016			
Financial assets at FVTPL:			
Unit trust*	2,086	-	2,086
AFS financial assets:			
Equity securities*	36,779	-	36,779
Loans and receivables:			
Loans	7,159	-	7,159
Fixed and call deposits	133,381	-	133,381
Trade and other receivables	131,705	-	131,705
Cash and cash equivalents	157,074	-	157,074
	468,184	-	468,184
31 December 2015			
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:			
Equity 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
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.

43 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure (continued)

COMPANY

	31.12.2016 RM'000	31.12.2015 RM'000
AFS financial assets:		
Equity securities*	5,084	-
Loans and receivables:		
Loans	7	4
Fixed and call deposits	133,381	19,127
Trade and other receivables	131,477	39,383
Cash and cash equivalents	139,224	157,959
	409,173	216,473

* Not subject to credit risk.

43 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 2016										
Financial assets at FVTPL:										
Unit trust	-	-	-	-	-	2,086	-	-	-	2,086
AFS financial assets:										
Equity securities	-	-	-	-	-	36,779	-	-	-	36,779
Loans and receivables:										
Loans	-	-	-	-	7,159	-	-	-	20,905	28,064
Fixed and call deposits	133,381	-	-	-	-	-	-	-	-	133,381
Trade and other receivables	-	87,950	-	-	43,755	-	-	-	30,038	161,743
Cash and cash equivalents	61,029	96,003	-	-	42	-	-	-	-	157,074
Allowance for impairment loss	-	-	-	-	-	-	-	-	(50,943)	(50,943)
	194,410	183,953	-	-	50,956	38,865	-	-	-	468,184

43 **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 2015										
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:										
Equity 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	-	-	-	24,464	31,421
Fixed and call deposits	22,072	13,119	5,037	-	-	-	-	-	-	40,228
Takaful receivables	488	3,281	5,524	291	45,849	-	-	25,608	8,693	89,734
Trade and other receivables	-	-	-	-	39,351	-	987	-	28,669	69,007
Cash and cash equivalents	186,357	145,618	8,523	-	89	-	16,658	-	-	357,245
Allowance for impairment loss	-	-	-	-	-	-	-	-	(61,826)	(61,826)
	243,806	291,625	95,916	18,867	180,425	35,496	366,976	25,608	-	1,258,719

43 FINANCIAL RISK (continued)

Credit Risk (continued)

Credit Risk Exposure by Credit Rating (continued)

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

COMPANY

	Neither past-due nor impaired				
	AAA to AA	A	Not rated	Not subject to credit risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2016					
AFS financial assets:					
Equity securities	-	-	-	5,084	5,084
Loan and receivables:					
Loans	-	-	7	-	7
Fixed and call deposits	133,381	-	-	-	133,381
Trade and other receivables	87,950	-	43,527	-	131,477
Cash and cash equivalents	139,221	-	3	-	139,224
	360,552	-	43,537	5,084	409,173
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

Aged analysis of financial assets past due but not impaired

GROUP

	> 60 days	> 120 days	Total
	RM'000	RM'000	RM'000
31 December 2016			
Takaful receivables	-	-	-
31 December 2015			
Takaful receivables	23,559	2,049	25,608

There is no aged analysis of financial assets past due but not impaired as at 31 December 2016 as the takaful subsidiary has been disposed on 30 June 2016.

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

43 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 on going normal operations, 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 takaful contract liabilities consist of renewal contributions, commissions, claims, maturities and surrenders. Renewal 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 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 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 takaful contract liabilities, the maturity profiles are determined based on the estimated timing of net cash outflows from the recognised takaful liabilities.

The takaful contract liabilities below are gross of retakaful (no retakaful credit is taken into account). Investment-lined fund liabilities are repayable or transferrable upon notice by 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.

AFS fair value adjustments, unearned contributions and the retakaful operators' share of unearned contributions have been excluded from the analysis as they are not contractual obligations.

43 **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 2016									
Financial assets at FVTPL:									
Unit trust	2,086	-	-	-	-	-	2,086	-	2,086
AFS financial assets:									
Equity securities	36,779	-	-	-	-	-	36,779	-	36,779
Loans and receivables:									
Loans	7,159	7,157	2	-	-	-	-	-	7,159
Fixed and call deposits	133,381	135,094	-	-	-	-	-	-	135,094
Trade and other receivables	131,705	43,755	87,950	-	-	-	-	-	131,705
Cash and cash equivalents	157,074	157,416	-	-	-	-	-	-	157,416
	468,184	343,422	87,952	-	-	-	38,865	-	470,239
Trade and other payables	12,116	9,612	2,504	-	-	-	-	-	12,116

43 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									
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:									
Equity 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
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
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

43 FINANCIAL RISK (continued)

Liquidity Risk (continued)

Maturity Profile (continued)

COMPANY	**Carrying Value**	**Up to a year**	**Over 3 Years**	**No maturity date**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2016					
AFS financial assets:					
Equity securities	5,084	-	-	5,084	5,084
Loans and receivables:					
Loans	7	5	2	-	7
Fixed and call deposits	133,381	135,094	-	-	135,094
Trade and other receivables	131,477	43,527	87,950	-	131,477
Cash and cash equivalents	139,224	139,524	-	-	139,524
	409,173	318,150	87,952	5,084	411,186
Trade and other payables	4,615	3,578	1,037	-	4,615
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

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 associates that operate in Philippines and Australia whose revenue and expenses are denominated in United States Dollar, Philippines Peso and Australian 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.

43 FINANCIAL RISK (continued)

Market Risk (continued)

Currency Risk (continued)

The Group's financial assets are also primarily denominated in the same currency as its 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 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 takaful subsidiary 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.

	Impact on profit before taxation		Impact on equity*	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
GROUP				
Interest/Profit Rate				
+ 100 basis points	2,873	3,606	2,155	1,879
- 100 basis points	(2,873)	(3,606)	(2,155)	(1,783)
COMPANY				
Interest/Profit Rate				
+ 100 basis points	2,721	-	2,041	-
- 100 basis points	(2,721)	-	(2,041)	-

* 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.

43 FINANCIAL RISK (continued)

Market Risk (continued)

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 takaful subsidiary. These policies include monitoring the equity exposure against benchmark set, single security exposure of the portfolio against the limits set and using duration and convexity measurements.

The 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 profit or loss) 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.

	Impact on profit before taxation		**Impact on equity***	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
GROUP				
Change in variables				
FTSE Bursa Malaysia				
- FBM KLCI +15% - gain	313	1,057	235	793
- FBM KLCI -15% - loss	(313)	(1,057)	(235)	(793)
Change in variables				
ASX Australian Securities Exchange				
- S&P/ASX 200 +15% - gain	763	-	534	-
- S&P/ASX 200 -15% - loss	(763)	-	(534)	-
COMPANY				
Change in variables				
ASX Australian Securities Exchange				
- S&P/ASX 200 +15% - gain	763	-	534	-
- S&P/ASX 200 -15% - loss	(763)	-	(534)	-

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

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

44 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.

45 COMPLIANCE RISK

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

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

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

46 INSURANCE FUNDS

Statement of Financial Position by Funds
As at 31 December 2016

	Shareholders' fund	Total
	RM'000	**RM'000**
Assets		
Property, plant and equipment	3,686	3,686
Investment properties	19,824	19,824
Intangible assets	494	494
Associates	71,692	71,692
Tax recoverable	252	252
Investments	179,405	179,405
Financial assets at FVTPL	2,086	2,086
AFS financial assets	36,779	36,779
Loans and receivables	140,540	140,540
Trade and other receivables	131,705	131,705
Cash and cash equivalents	157,074	157,074
Total assets	564,132	564,132
Equity and liabilities		
Liabilities		
Deferred tax liabilities	185	185
Trade and other payables	12,116	12,116
Total liabilities	12,301	12,301
Equity		
Share capital	273,518	273,518
Treasury shares	-	-
Retained earnings	240,164	240,164
Reserves	38,149	38,149
Total equity attributable to the owners of the Company	551,831	551,831
Non-controlling interests	-	-
Total equity	551,831	551,831
Total equity and liabilities	564,132	564,132
Inter-fund balances	-	-

46 INSURANCE FUNDS (continued)

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
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
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				
Takaful contract liabilities	-	380,799	465,993	846,792
Deferred tax liabilities	900	-	389	1,289
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	-

46 INSURANCE FUNDS (continued)

Statement of Profit or Loss by Funds
For the financial year ended 31 December 2016

Continuing operations

	Shareholders' fund	Total
	RM'000	RM'000
Gross earned premiums	-	-
Premiums ceded to reinsurers	-	-
Net earned premiums	-	-
Investment income	11,199	11,199
Realised gains and losses – net	225	225
Fair value gains and losses – net	2,090	2,090
Other operating revenue from non-insurance businesses	6,860	6,860
Other operating expenses – net	(7,227)	(7,227)
Other revenue	13,147	13,147
Total revenue	13,147	13,147
Gross benefits and claims paid	-	-
Claims ceded to reinsurers	-	-
Gross change to contract liabilities	-	-
Change in contract liabilities ceded to reinsurers	-	-
Net insurance benefits and claims	-	-
Management expenses	(37,191)	(37,191)
Other expenses	(37,191)	(37,191)
Share of profit of associates, net of tax	4,728	4,728
Loss before taxation	(19,316)	(19,316)
Taxation	(66)	(66)
Loss for the financial year	(19,382)	(19,382)

46 INSURANCE FUNDS (continued)

Statement of Profit or Loss by Funds
For the financial year ended 31 December 2015

Continuing operations

	Shareholders' funds	General fund	Total
	RM'000	**RM'000**	**RM'000**
Gross earned premiums	-	1	1
Premiums ceded to reinsurers	-	-	-
Net earned premiums	-	1	1
Investment income	9,431	164	9,595
Realised gains and losses – net	(3,760)	-	(3,760)
Fair value gains and losses – net	1,701	-	1,701
Other operating revenue from non-insurance businesses	7,065	-	7,065
Other operating income – net	55,366	259	55,625
Other revenue	69,803	423	70,226
Total revenue	69,803	424	70,227
Gross benefits and claims paid	-	(6,463)	(6,463)
Claims ceded to reinsurers	-	3,010	3,010
Gross change to contract liabilities	-	11,954	11,954
Change in contract liabilities ceded to reinsurers	-	(6,497)	(6,497)
Net insurance benefits and claims	-	2,004	2,004
Management expenses	(43,439)	(1,753)	(45,192)
Other expenses	(43,439)	(1,753)	(45,192)
Share of profit of associates, net of tax	3,790	-	3,790
Profit before taxation	30,154	675	30,829
Taxation	(110)	-	(110)
Profit for the financial year	30,044	675	30,719

46 **INSURANCE FUNDS** (continued)

Statement of Profit or Loss by Funds
For the financial year ended 31 December 2016

Discontinued operations

	Share-holders' fund	General takaful fund	Family takaful fund	Interfund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	-	145,031	124,399	-	269,430
Contributions ceded to retakaful operators	-	(92,828)	(7,337)	-	(100,165)
Net earned contributions	-	52,203	117,062	-	169,265
Investment income	1,852	3,249	4,744	-	9,845
Realised gains and losses – net	281,105	43	1,737	-	282,885
Fair value gains and losses – net	70	-	(16,855)	-	(16,785)
Fee and commission income	-	19,730	-	-	19,730
Other operating revenue from non-insurance businesses	104	-	-	-	104
Other operating (expenses)/income – net	(1,558)	7,602	640	-	6,684
Surplus sharing from General takaful	2,017	-	-	(2,017)	-
Surplus sharing from Family takaful	5,740	-	-	(5,740)	-
Wakalah fee from takaful business	84,251	-	-	(84,251)	-
Other revenue	373,581	30,624	(9,734)	(92,008)	302,463
Total revenue	373,581	82,827	107,328	(92,008)	471,728
Gross benefits and claims paid	-	(67,644)	(74,112)	-	(141,756)
Claims ceded to retakaful operators	-	40,995	5,865	-	46,860
Gross change to contract liabilities	-	(21,028)	9,816	-	(11,212)
Change in contract liabilities ceded to retakaful operators	-	10,937	2,171	-	13,108
Net takaful benefits and claims	-	(36,740)	(56,260)	-	(93,000)
Fee and commission expenses	(46,143)	-	-	-	(46,143)
Management expenses	(44,805)	800	-	-	(44,005)
Expense liabilities	(330)	-	-	-	(330)
Surplus sharing with Shareholders' fund	-	(2,017)	(5,740)	7,757	-
Wakalah fees payable to Shareholders' fund	-	(42,717)	(41,534)	84,251	-
Other expenses	(91,278)	(43,934)	(47,274)	92,008	(90,478)
Profit before zakat	282,303	2,153	3,794	-	288,250
Zakat	-	-	-	-	-
Profit after Zakat	282,303	2,153	3,794	-	288,250
Tax (expenses)/income attributable to participants	-	(2,153)	773	-	(1,380)
Profit before taxation	282,303	-	4,567	-	286,870
Taxation	(3,729)	(2,153)	773	-	(5,109)
Tax expenses/(income) attributable to participants	-	2,153	(773)	-	1,380
Tax expenses attributable to Shareholders' fund	(3,729)	-	-	-	(3,729)
Profit for the financial year	278,574	-	4,567	-	283,141

46 INSURANCE FUNDS (continued)

Statement of Profit or Loss by Funds
For the financial year ended 31 December 2015

Discontinued operations

	Share-holders' fund	General takaful fund	Family takaful fund	Interfund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	-	277,616	250,736	-	528,352
Contributions ceded to retakaful operators	-	(179,942)	(14,053)	-	(193,995)
Net earned contributions	-	97,674	236,683	-	334,357
Investment income	4,014	5,522	11,240	-	20,776
Realised gains and losses – net	(723)	(188)	5,331	-	4,420
Fair value gains and losses – net	1,476	-	12,144	-	13,620
Fee and commission income	-	41,876	-	-	41,876
Other operating revenue from non-insurance businesses	269	-	-	-	269
Other operating income/(expenses) – net	1,593	(1,938)	(1,058)	-	(1,403)
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	186,090	45,272	27,657	(179,461)	79,558
Total revenue	186,090	142,946	264,340	(179,461)	413,915
Gross benefits and claims paid	-	(122,839)	(161,027)	-	(283,866)
Claims ceded to retakaful operators	-	84,155	11,307	-	95,462
Gross change to contract liabilities	-	(10,111)	(15,269)	-	(25,380)
Change in contract liabilities ceded to retakaful operators	-	(20,399)	(925)	-	(21,324)
Net takaful benefits and claims	-	(69,194)	(165,914)	-	(235,108)
Fee and commission expenses	(97,315)	-	-	-	(97,315)
Management expenses	(82,385)	4,643	1,500	-	(76,242)
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	(180,077)	(72,231)	(101,087)	179,461	(173,934)
Profit/(loss) before zakat	6,013	1,521	(2,661)	-	4,873
Zakat	(72)	-	-	-	(72)
Profit/(loss) after Zakat	5,941	1,521	(2,661)	-	4,801
Tax expenses attributable to participants	-	(970)	(2,034)	-	(3,004)
Profit/(loss) before taxation	5,941	551	(4,695)	-	1,797
Taxation	(9,425)	(970)	(2,034)	-	(12,429)
Tax expenses attributable to participants	-	970	2,034	-	3,004
Tax expenses attributable to Shareholders' fund	(9,425)	-	-	-	(9,425)
(Loss)/profit for the financial year	(3,484)	551	(4,695)	-	(7,628)

46 INSURANCE FUNDS (continued)

Statement of cash flows 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 2016						
Cash flows from:						
Operating activities	135,527	-	-	(56,710)	(48,879)	29,938
Investing activities	(103,873)	-	-	-	-	(103,873)
Financing activities	(135,342)	-	-	-	-	(135,342)
Net decrease in cash and cash equivalents	(103,688)	-	-	(56,710)	(48,879)	(209,277)
Currency translation differences	9,106	-	-	-	-	9,106
Cash and cash equivalents at beginning of financial year	251,656	-	-	56,710	48,879	357,245
Cash and cash equivalents at end of financial year	157,074	-	-	-	-	157,074
31 December 2015						
Cash flows from:						
Operating activities	97,975	(827)	(420)	15,523	(30,300)	81,951
Investing activities	(16,102)	-	-	(6,935)	-	(23,037)
Financing activities	(24,964)	-	-	-	-	(24,964)
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

47 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 Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad).

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

Pursuant to Paragraph 8.04(3) of the MMLR, the Company is required to regularise its condition by undertaking a regularisation plan. The regularisation plan was required to be submitted to Bursa Securities on 30 September 2012, and was subsequently extended until 30 June 2017 via Bursa Securities’ letters dated 16 February 2017, 21 July 2016, 18 February 2016, 4 August 2015, 23 March 2015, 21 October 2014, 11 March 2014, 1 August 2013 and 20 December 2012.

The extension of time of up to 30 June 2017 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 2017;

(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 30 November 2015, the Company announced that it had jointly with Solidarity Group Holding BSC (Closed) (“Solidarity”) and Zurich Insurance Company Ltd (“Zurich”) submitted an application to Bank Negara Malaysia (“BNM”) to seek approval of the Minister of Finance Malaysia pursuant to the Islamic Financial Services Act, 2013 to enter into an agreement with Zurich for the proposed disposal of 100% equity interest held in MAA Takaful Berhad (“MAA Takaful”) (“Proposed Disposal”).

On 27 April 2016, the Company announced that it had, via BNM’s letter dated 27 April 2016, obtained the approval of Minister of Finance Malaysia for the Proposed Disposal pursuant to Section 101 of the Islamic Financial Services Act, 2013.

The Company together with Solidarity (collectively, the “Vendors”) had on 4 May 2016 entered into a conditional share purchase agreement (“SPA”) with Zurich (the “Purchaser”) for the Proposed Disposal for a total cash consideration of RM525.00 million. In accordance with the terms and conditions of the SPA and subject to certain adjustments under which, inter-alia, the Company shall dispose 75,000,000 ordinary shares of RM1.00 each in MAA Takaful (representing 75% equity interest) for a cash consideration of RM393.75 million (“Disposal Consideration”). Upon the completion of the Proposed Disposal, MAA Takaful will cease to be a 75% owned subsidiary of the Company.

Subsequent to the completion of Proposed Disposal, the Board of Directors of the Company (“Board”) declared an interim special dividend of RM0.35 for each ordinary share of RM1.00 (“Special Dividend”) in the Company held by the shareholders of the Company whose name appear in the record of depositors of Bursa Malaysia Depository Sdn Bhd on an entitlement date to be determined and announced later by the Board. The total amount under the Special Dividend shall be payable out of the Disposal Consideration. The Special Dividend was conditional upon the completion of the Proposed Disposal.

On 28 June 2016, the Company announced that the Proposed Disposal was approved by the Shareholders at the Extraordinary General meeting which was held on the same day.

On 30 June 2016, the Company announced that the Proposed Disposal was completed on the same day.

On 4 July 2016, the Company announced that the Special Dividend was paid on 5 August 2016.

On 27 December 2016, the Company announced there was a downward adjustment of RM29.4 million (“Price Adjustment”) to the Company’s initial consideration of RM300 million pursuant to the income statement and statement of financial position of MAA Takaful for the period from 1 January 2015 to the completion date on 30 June 2016, which were prepared in accordance with the terms of the SPA and agreed by all parties on 14 December 2016. The Company paid the Price Adjustment on 27 December 2016 to the Purchaser.

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

(c) On 8 September 2015, MAA Corporation Sdn Bhd ("MAA Corp"), a wholly owned subsidiary of the Company and ePROTEA MSC Sdn Bhd (now known as Finexus Sdn Bhd) ("the Purchaser") 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. The total consideration for the Sale Shares shall be the aggregate of RM1,000,000 and the amount equivalent to the final net current asset of MAA Cards on completion date.

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

(d) On 6 December 2016, the Company announced that MAA International Assurance Ltd ("MAAIA"), a wholly owned subsidiary of MAA Corp, had on the same day remitted a sum of PHP 300 million to subscribe for additional 300,000 new shares with par value PHP1,000.00 per share ("Proposed Subscription") of MAA General Assurance Philippines, Inc ("MAAGAP"), a licensed general insurance company operating in the Republic of the Philippines.

The Proposed Subscription is subject to the approval of regulatory authority in the Philippines. Upon completion of the Proposed Subscription, MAAIA's equity interest in MAAGAP will increase from present 40% to 70% thereby making MAAGAP a subsidiary of the Group.

(e) On 5 January 2017, the Company announced that Labuan Financial Services Authority ("LFSA") had vide its letter dated 3 January 2017 granted approval to MAAIA to surrender the Labuan composite insurance license effective 31 January 2017.

MAAIA had applied to LFSA to surrender its Labuan composite insurance license premised that since the second half of 2014 it had ceased all the previous offshore reinsurance and investment-linked businesses and also taking into consideration the high compliance cost. Presently the principal activity of MAAIA is investment holding and it does not have plan to re-active its insurance business.

(f) On 11 April 2017, the Company announced that it has on the same day entered into the following agreements for the Acquisition of Properties:

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

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

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

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

48 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 MAA Takaful during the financial year.

Statement of Profit or Loss
For the financial year ended 31 December 2015

	As previously reported	Reclassification	Restated
	RM'000	RM'000	RM'000
CONTINUING OPERATIONS			
Gross earned premiums/contributions	528,353	(528,352)	1
Net earned premiums/contributions	334,358	(334,357)	1
Investment income	30,223	(20,628)	9,595
Realised gains and losses – net	660	(4,420)	(3,760)
Fair value gains and losses – net	15,321	(13,620)	1,701
Fee and commission income	41,876	(41,876)	-
Other operating income – net	54,222	1,403	55,625
Gross benefits and claims paid	(290,329)	283,866	(6,463)
Claims ceded to reinsurers/retakaful operators	98,472	(95,462)	3,010
Gross change to contract liabilities	(13,426)	25,380	11,954
Change in contract liabilities ceded to reinsurers/retakaful operators	(27,821)	21,324	(6,497)
Net insurance/takaful benefits and claims	(233,104)	235,108	2,004
Fee and commission expenses	(97,315)	97,315	-
Management expenses	(119,646)	74,454	(45,192)
Expenses liabilities	(377)	377	-
Profit before zakat	37,073	(6,244)	30,829
Zakat	(72)	72	-
Profit after zakat before taxation	37,001	(6,172)	30,829
Tax expenses attributable to participants	(3,004)	3,004	-
Profit before taxation	33,997	(3,168)	30,829
Taxation	(9,535)	9,425	(110)
Profit for the financial year from continuing operations	24,462	6,257	30,719

48 RECLASSIFICATION OF COMPARATIVES (continued)

Statement of Profit or Loss
For the financial year ended 31 December 2015 (continued)

	As previously reported	Reclassification	Restated
	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS			
Gross earned contributions	-	528,352	528,352
Net earned contributions	-	334,357	334,357
Investment income	148	20,628	20,776
Realised gains and losses – net	-	4,420	4,420
Fair value gains and losses – net	-	13,620	13,620
Fee and commission income	-	41,876	41,876
Other operating expenses – net	-	(1,403)	(1,403)
Gross benefits and claims paid	-	(283,866)	(283,866)
Claims ceded to retakaful operators	-	95,462	95,462
Gross change to contract liabilities	-	(25,380)	(25,380)
Change in contract liabilities ceded to retakaful operators	-	(21,324)	(21,324)
Net takaful benefits and claims	-	(235,108)	(235,108)
Fee and commission expenses	-	(97,315)	(97,315)
Management expenses	(1,788)	(74,454)	(76,242)
Expenses liabilities	-	(377)	(377)
(Loss)/profit before zakat	(1,371)	6,244	4,873
Zakat	-	(72)	(72)
(Loss)/profit after zakat before taxation	(1,371)	6,172	4,801
Tax expenses attributable to participants	-	(3,004)	(3,004)
(Loss)/profit before taxation	(1,371)	3,168	1,797
Taxation	-	(9,425)	(9,425)
Loss for the financial year from discontinued operations	(1,371)	(6,257)	(7,628)

49 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 Securities.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Total retained earnings:				
Realised	211,670	91,845	152,436	12,191
Unrealised	11,039	14,845	(185)	(107)
	222,709	106,690	152,251	12,084
Total share of accumulated profits/(losses) from associates:				
- Realised	9,475	(56)	-	-
- Unrealised	(875)	3,928	-	-
	8,600	3,872	-	-
	231,309	110,562	152,251	12,084
Less: Consolidation adjustments	8,855	2,081	-	-
Total retained earnings	240,164	112,643	152,251	12,084

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.