

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 23 RETAINED EARNINGS AND RESERVES (continued)

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Movement in revaluation reserves</u>				
At 1 January	215	215	-	-
Transfer of revaluation reserves to retained earnings arising from disposal of subsidiary	(215)	-	-	-
At 31 December	-	215	-	-

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

The revaluation reserves represent the surplus arising from the revaluation of leasehold land of a subsidiary.

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

Section 108 tax credits available to pay franked dividends had expired on 31 December 2013. With effect from 1 January 2014, the Company will distribute single-tier dividends under the single-tier system to its shareholders out of its retained earnings if dividends are declared by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 24 NET EARNED PREMIUMS/CONTRIBUTIONS

#### CONTINUING OPERATIONS

		GROUP	
	Note	2014	2013
		RM'000	RM'000
(a) <u>General fund</u>			
(i) Gross earned premiums			
Insurance contracts	16(a)(ii)	-	4,777
Change in unearned premium reserve		110	23,374
	16(a)(ii)	110	28,151
(ii) Premiums ceded to reinsurers			
Insurance contracts	16(a)(ii)	-	(10,349)
Change in unearned premium reserve		(3)	(14,318)
	16(a)(ii)	(3)	(24,667)
Net earned premiums		107	3,484
(b) <u>General takaful</u>			
(i) Gross earned contributions			
Takaful contracts	16(c)(ii)	311,985	247,287
Change in unearned contribution reserve		(25,175)	(31,530)
	16(c)(ii)	286,810	215,757
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(c)(ii)	(225,886)	(195,990)
Change in unearned contribution reserve		6,804	24,864
	16(c)(ii)	(219,082)	(171,126)
Net earned contributions		67,728	44,631
(c) <u>Family takaful</u>			
(i) Gross earned contributions			
Takaful contracts	16(b)	367,560	258,162
(ii) Contributions ceded to retakaful operators			
Takaful contracts	16(b)	(5,754)	(9,455)
Net earned contributions		361,806	248,707
(d) <u>Total</u>			
(i) Gross earned premiums/contributions			
Insurance/takaful contracts		679,545	510,226
Change in unearned premium/contribution reserve		(25,065)	(8,156)
		654,480	502,070
(ii) Premiums ceded to reinsurers/retakaful operators			
Insurance/takaful contracts		(231,640)	(215,794)
Change in unearned premium/contribution reserve		6,801	10,546
		(224,839)	(205,248)
Net earned premiums/contributions		429,641	296,822

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 25 INVESTMENT INCOME

## CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties	117	106	-	-
Financial assets at FVTPL				
Interest/profit income				
- Islamic debt securities unquoted in Malaysia	3,455	2,084	-	-
Dividend income				
- Equity securities quoted in Malaysia	84	617	-	-
- Syariah-approved equity securities quoted in Malaysia	5,887	5,806	-	-
	9,426	8,507	-	-
AFS financial assets				
Interest/profit income				
- Malaysian Government Guaranteed Financing	-	3,684	-	-
- Corporate debt securities unquoted in Malaysia	3,236	1,497	3,236	1,497
- Corporate debt securities quoted outside Malaysia	53	278	-	-
- Islamic debt securities unquoted in Malaysia	8,212	3,532	-	-
- Equity securities unquoted outside Malaysia	-	3	-	-
Dividend income				
- Equity securities quoted in Malaysia	-	67	-	67
- Equity securities unquoted in Malaysia	23	50	-	-
(Amortisation of premiums)/accretion of discounts				
- Corporate debt securities unquoted in Malaysia	(255)	233	(255)	233
- Islamic debt securities unquoted in Malaysia	(690)	(60)	-	-
	10,579	9,284	2,981	1,797
HTM financial assets				
Interest/profit income				
- Malaysian Government Guaranteed Financing	1,765	1,644	-	-
Amortisation of premiums				
- Malaysian Government Guaranteed Financing	(1)	(1)	-	-
	1,764	1,643	-	-
Loans and receivables				
Interest/profit income				
- mortgage loans	1	4	1	4
- other secured and unsecured loans	137	422	-	-
- other receivables	-	-	1,898	1,859
	138	426	1,899	1,863
Fixed and call deposits interest/profit income	11,286	7,558	6,738	4,206
	33,310	27,524	11,618	7,866

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 25 INVESTMENT INCOME (continued)

#### DISCONTINUED OPERATIONS (Note 35)

	GROUP	
	2014	2013
	RM'000	RM'000
Financial assets at FVTPL		
Dividend income		
- Equity securities quoted in Malaysia	-	50
Fixed and call deposits interest income	3	810
	3	860

### 26 REALISED GAINS AND LOSSES - NET

#### CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains	111	47	-	17
Realised losses	(171)	(6)	(13)	-
	(60)	41	(13)	17
Intangible assets				
Realised gains	3	-	3	-
Financial assets at FVTPL				
Realised gains:				
- Equity securities quoted in Malaysia	-	252	-	-
- Syariah-approved equity securities quoted in Malaysia	21,622	19,334	-	-
Realised losses:				
- Equity securities quoted in Malaysia	(230)	-	-	-
- Other investments	-	(3,834)	-	-
	21,392	15,752	-	-
AFS financial assets				
Realised gains:				
- Equity securities quoted in Malaysia	-	3,212	-	3,212
- Islamic debt securities unquoted in Malaysia	831	4,672	-	-
	831	7,884	-	3,212
	22,166	23,677	(10)	3,229

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

**26 REALISED GAINS AND LOSSES - NET** (continued)DISCONTINUED OPERATIONS (Note 35)

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Realised losses	-	(33)
Realised gains from disposal of subsidiaries (Note 38(a),(b),(c),(d),(e))	7,613	59,378
	<u>7,613</u>	<u>59,345</u>

**27 FAIR VALUE GAINS AND LOSSES - NET**CONTINUING OPERATIONS

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fair value gains on investment properties (Note 5)	2,021	1,551	-	-
Financial assets at FVTPL				
Net fair value gains/(losses):				
- Equity securities quoted in Malaysia	-	1,370	-	-
- Corporate debt securities quoted outside Malaysia	(389)	76	-	-
- Islamic debt securities unquoted in Malaysia	-	(1,724)	-	-
- Unit trusts	(24)	51	-	-
- Syariah-approved equity securities quoted in Malaysia	(29,500)	10,949	-	-
- investment-linked units	(447)	-	-	-
	<u>(30,360)</u>	<u>10,722</u>	<u>-</u>	<u>-</u>
	<u>(28,339)</u>	<u>12,273</u>	<u>-</u>	<u>-</u>

**28 FEE AND COMMISSION INCOME**CONTINUING OPERATIONS

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance/retakaful commission income	43,924	47,008

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 29 OTHER OPERATING REVENUE FROM NON-INSURANCE BUSINESSES

#### CONTINUING OPERATIONS

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from non-insurance businesses:				
- management fee income	81	(638)	1,337	735
- interest income from hire purchase, leasing and other credit activities	47	400	-	-
- fee income from education services	6,688	8,344	-	-
- others	378	1,355	-	-
	<b>7,194</b>	<b>9,461</b>	<b>1,337</b>	<b>735</b>

#### DISCONTINUED OPERATIONS (Note 35)

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue from non-insurance businesses:		
- unit trust fund management fee income	-	30,124
- unit trust fund initial service fee	-	16,174
	<b>-</b>	<b>46,298</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**30 OTHER OPERATING INCOME/(EXPENSES) – NET**CONTINUING OPERATIONS

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment				
- written off	(298)	(20)	(46)	(7)
- allowance for impairment loss (Note 4)	(44)	-	-	-
Bad debts recovered	94	157	-	-
(Allowance for)/write back of impairment loss on:				
- investments in subsidiaries (Note 7)	-	-	1,118	1,607
- investments in associates	-	3,666	-	(100)
- amounts due from subsidiaries (Note 7 and 13)	-	-	(570)	18,126
- AFS financial assets (Note 10)	-	(11,968)	-	(11,110)
- loans from leasing, hire purchase and others – net (Note 11)	(5,174)	1,451	-	-
Fair value gain from acquisition of bonds via Settlement Agreement	-	23,770	-	23,770
Loss on derecognition of an associate	(108)	-	-	-
Realised foreign exchange loss	(34)	(5,528)	-	1
Unrealised foreign exchange gain/(loss)	205	(265)	-	-
Income from claim liabilities waived*	16,491	-	-	-
Others	(340)	6,941	110	152
	<b>10,792</b>	<b>18,204</b>	<b>612</b>	<b>32,439</b>

\*Arising from the claim liabilities hair-cut settlement completed during the current financial year by the Group's insurance subsidiary in Indonesia.

DISCONTINUED OPERATIONS (Note 35)

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
- written off	-	(41)
Allowance for impairment loss on:		
- AFS financial assets (Note 10)	-	(80)
Commission paid and payable to unit trust agents	-	(19,783)
Write back of/(provision for) Zurich's Counterclaims	12,500	(45,000)
Unrealised foreign exchange gain	363	-
Others	1	492
	<b>12,864</b>	<b>(64,412)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 31 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

#### CONTINUING OPERATIONS

	Note	GROUP	
		2014	2013
		RM'000	RM'000
(a) <u>General fund</u>			
(i) Gross benefits and claims paid	16(a)(i)	(54,045)	(44,076)
(ii) Claims ceded to reinsurers	16(a)(i)	51,243	17,430
(iii) Gross change to contract liabilities		38,619	33,775
(iv) Change in contract liabilities to reinsurers		(36,301)	(26,211)
Net insurance benefits and claims		(484)	(19,082)
(b) <u>Life fund</u>			
(i) Gross benefits and claims paid		-	(252)
(ii) Gross change to contract liabilities	17	489	(86)
Net insurance benefits and claims		489	(338)
(c) <u>General takaful</u>			
(i) Gross benefits and claims paid	16(c)(i)	(86,131)	(67,140)
(ii) Claims ceded to retakaful operators	16(c)(i)	64,922	48,210
(iii) Gross change to contract liabilities		(87,138)	(51,500)
(iv) Change in contract liabilities to retakaful operators		73,216	43,357
Net takaful benefits and claims		(35,131)	(27,073)
(d) <u>Family takaful</u>			
(i) Gross benefits and claims paid	16(b)	(192,031)	(151,393)
(ii) Claims ceded to retakaful operators	16(b)	5,391	10,286
(iii) Gross change to contract liabilities		(84,026)	(42,343)
(iv) Change in contract liabilities to retakaful operators		(955)	446
Net takaful benefits and claims		(271,621)	(183,004)
(e) <u>Total</u>			
(i) Gross benefits and claims paid		(332,207)	(262,861)
(ii) Claims ceded to reinsurers/retakaful operators		121,556	75,926
(iii) Gross change to contract liabilities		(132,056)	(60,154)
(iv) Change in contract liabilities to reinsurers/retakaful operators		35,960	17,592
Net insurance/takaful benefits and claims		(306,747)	(229,497)



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 32 MANAGEMENT EXPENSES

## CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Staff costs (including Executive Directors):				
- salaries and bonus	43,952	42,351	8,027	8,162
- defined contribution retirement benefits	6,430	5,680	1,248	1,269
	50,382	48,031	9,275	9,431
Depreciation of property, plant and equipment (Note 4)	3,415	3,377	425	421
Amortisation of intangible assets (Note 6)	1,228	1,232	72	68
Amortisation of leases (Note 4)	2	-	-	-
Auditors' remuneration				
- statutory audit	542	399	103	99
- under/(over) provision in prior financial year	186	(40)	75	-
- audit related services	133	23	-	23
- non-audit related services	-	200	-	200
Auditors' remuneration payable/paid to other audit firms	93	93	-	-
Fees paid to a company in which certain Directors have an interest	331	344	193	185
(Write back) / allowance for impairment loss on trade and other receivables (Note 13)	(393)	776	43	90
Allowance for impairment loss on insurance/takaful receivables (Note 12)	6,737	7,401	-	-
Bad debts written off	-	32	-	-
Office rental	3,906	4,163	382	412
Rental of office equipment	131	42	42	37
Agency and staff training expenses	4,703	4,080	87	48
Repairs and maintenance	2,056	2,649	109	88
EDP expenses	2,411	1,842	46	67
Advertising, promotional and entertainment expenses	6,786	6,219	479	659
Motor vehicle, accommodation and travelling expenses	3,375	3,522	1,238	1,413
Printing and stationery	2,309	2,298	78	79
Postage, telephone and fax	1,019	1,235	54	46
Professional fees	3,581	4,400	360	1,169
Staff amenities	939	737	332	255
Office expenses	46	88	32	62
Electricity and water	1,091	338	46	46
Visa fees, outsourcing fees and other direct costs payable for debit cards operations	2,356	1,568	-	-
Credit card charges	1,418	1,302	-	-
Manage care organisation fees	699	1,144	-	-
Motor club expenses	1,046	811	-	-
Policy stamping fees	1,033	707	-	-
Others	10,081	13,648	2,432	2,305
	111,642	112,661	15,903	17,203

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 32 MANAGEMENT EXPENSES (continued)

#### DISCONTINUED OPERATIONS (Note 35)

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Staff costs (including Executive Directors):		
- salaries and bonus	-	8,979
- defined contribution retirement benefits	-	770
	-	9,749
Depreciation of property, plant and equipment (Note 4)	59	518
Amortisation of intangible assets (Note 6)	-	483
Amortisation of leases (Note 4)	23	30
Auditors' remuneration		
- statutory audit	14	39
Fees paid to a company in which certain Directors have an interest	3	26
Office rental	-	728
Rental of office equipment	-	52
Training expenses	-	320
Repairs and maintenance	39	269
EDP expenses	-	510
Advertising, promotional and entertainment expenses	-	939
Motor vehicle and travelling expenses	-	263
Printing and stationery	-	134
Postage, telephone and fax	-	290
Professional fees	8	108
Electricity and water	-	83
Fund account expenses	-	439
Management fees paid and payable to investment managers	-	5,537
Others	26	3,091
	<b>172</b>	<b>23,608</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**32 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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive Directors:				
- salaries	4,284	4,100	3,477	3,311
- bonus	1,024	1,195	960	1,117
- defined contribution retirement benefits	807	797	695	686
- fees	45	72	-	-
- other emoluments	15	16	-	-
- estimated monetary value of benefits-in-kind	127	132	84	87
	6,302	6,312	5,216	5,201
Non-executive Directors:				
- fees	707	803	192	225
- other emoluments	163	182	58	72
	870	985	250	297
	7,172	7,297	5,466	5,498
Chief Executive Officers:				
- salaries	2,312	2,258	1,185	1,129
- bonus	338	413	338	413
- defined contribution retirement benefits	373	375	238	238
- estimated monetary value of benefits-in-kind	70	64	39	33
	3,093	3,110	1,800	1,813

DISCONTINUED OPERATIONS

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive Director:		
- salaries	-	649
- bonus	-	322
- defined contribution retirement benefits	-	145
- estimated monetary value of benefits-in-kind	-	31
	-	1,147
Non-executive Directors:		
- fees	-	45
- other emoluments	-	10
	-	55
	-	1,202
Chief Executive Officer:		
- salaries	-	649
- bonus	-	322
- defined contribution retirement benefits	-	145
- estimated monetary value of benefits-in-kind	-	31
	-	1,147

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 33 FINANCE COSTS

#### CONTINUING OPERATIONS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest on bank overdrafts	325	404	-	-

The interest rates charged for bank overdrafts are disclosed in Note 20 to the financial statements.

### 34 TAXATION

#### CONTINUING OPERATIONS

	GROUP			
	Share-holders' fund	General fund	General takaful fund	Family takaful fund
	RM'000	RM'000	RM'000	RM'000
2014				
Current tax	2,638	-	1,177	2,447
Deferred tax (Note 9)	(1,208)	-	(3,137)	(2,269)
Tax expenses/(income)	1,430	-	(1,960)	178

#### Current tax

Current financial year	1,559	-	1,599	2,430	5,588
Under/(over) provision in prior financial years	1,079	-	(422)	17	674
	2,638	-	1,177	2,447	6,262

#### Deferred tax

Origination and reversal of temporary differences	(1,208)	-	(3,137)	(2,269)	(6,614)
	1,430	-	(1,960)	178	(352)

#### 2013

Current tax	3,492	-	1,252	2,393	7,137
Deferred tax (Note 9)	(61)	478	-	444	861
Tax expenses	3,431	478	1,252	2,837	7,998

#### Current tax

Current financial year	3,542	-	1,354	3,073	7,969
Over provision in prior financial years	(50)	-	(102)	(680)	(832)
	3,492	-	1,252	2,393	7,137

#### Deferred tax

Origination and reversal of temporary differences	(61)	478	-	444	861
	3,431	478	1,252	2,837	7,998

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**34 TAXATION** (continued)DISCONTINUED OPERATIONS (Note 35)

	<b>GROUP</b>	
	<b>Share- holders' fund</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>2014</u>		
Current tax – current financial year	21	21
<u>2013</u>		
Current tax	1,208	1,208
Deferred tax	(28)	(28)
Tax expenses	1,180	1,180
<u>Current tax</u>		
Current financial year	1,243	1,243
Over provision in prior financial years	(35)	(35)
	1,208	1,208
<u>Deferred tax</u>		
Origination and reversal of temporary differences	(28)	(28)
	1,180	1,180

Tax expenses/(income) comprised the following:

	<b>GROUP</b>				
	<b>Share- holders' fund</b>	<b>General fund</b>	<b>General takaful fund</b>	<b>Family takaful fund</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>2014</u>					
Continuing operations	1,430	-	(1,960)	178	(352)
Discontinued operations	21	-	-	-	21
	1,451	-	(1,960)	178	(331)
<u>2013</u>					
Continuing operations	3,431	478	1,252	2,837	7,998
Discontinued operations	1,180	-	-	-	1,180
	4,611	478	1,252	2,837	9,178

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 34 TAXATION (continued)

	<b>GROUP</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax	137	-
Deferred tax	(7)	(2)
Tax expenses/(income)	130	(2)
<u>Current tax</u>		
Under provision in prior financial years	137	-
<u>Deferred tax</u>		
Origination and reversal of temporary differences	(7)	(2)
	130	(2)

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/profit before taxation				
- Continuing operations	(2,846)	(5,487)	(2,346)	27,066
- Discontinued operations	20,308	18,483	12,500	(36,705)
	17,462	12,996	10,154	(9,639)
Tax income/(expenses) attributable to participants	1,782	(4,089)	-	-
Profit/(loss) before taxation for Shareholders' fund	19,244	8,907	10,154	(9,639)
Taxation at Malaysia statutory tax rate of 25% (2013: 25%)	4,811	2,227	2,539	(2,410)
Tax effects of:				
- expenses not deductible for tax purposes	1,891	15,477	609	14,906
- income not taxable for tax purposes	(7,181)	(24,610)	(3,404)	(13,899)
- tax losses not recognised	6,808	11,842	249	1,401
- benefits from previous year unrecognised deductible temporary differences	(5,115)	(44)	-	-
- deductible temporary differences not recognised	73	503	-	-
- effects of different tax rates in foreign jurisdictions	36	(267)	-	-
- tax (income)/expenses attributable to participants	(1,782)	4,089	-	-
- utilisation of tax losses	(951)	-	-	-
- under/(over) provision in prior financial year	1,079	(85)	137	-
- surrender of loss under group relief	-	46	-	-
Total tax (income)/expenses	(331)	9,178	130	(2)

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 35 DISCONTINUED OPERATIONS

<u>GROUP</u>	<u>Note</u>	<u>2014</u> <u>RM'000</u>	<u>2013</u> <u>RM'000</u>
Investment income	25	3	860
Realised gains and losses – net	26	7,613	59,345
Other operating revenue from non-insurance businesses	29	-	46,298
Other operating income – net	30	12,864	-
<b>Other revenue</b>		<b>20,480</b>	<b>106,503</b>
<b>Total revenue</b>		<b>20,480</b>	<b>106,503</b>
Management expenses	32	(172)	(23,608)
Other operating expenses – net	30	-	(64,412)
<b>Other expenses</b>		<b>(172)</b>	<b>(88,020)</b>
<b>Profit before taxation</b>		<b>20,308</b>	<b>18,483</b>
Taxation	34	(21)	(1,180)
<b>Profit for the financial year</b>		<b>20,287</b>	<b>17,303</b>
<u>COMPANY</u>			
Realised gain from disposal of a subsidiary	38(a)	-	8,295
Write back of/(provision for) Zurich's Counterclaims	30	12,500	(45,000)
		<b>12,500</b>	<b>(36,705)</b>

The financial results of discontinued operations relate to subsidiaries that were disposed during the financial year ended 31 December 2014 as disclosed in Note 38 to the financial statements. The comparatives have been restated to include the financial results of those disposed subsidiaries.

## 36 DIVIDENDS

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

- (a) a first interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,131,000 on 18 April 2014; and
- (b) a second interim dividend of 3 sen per share under the single-tier dividend system totalling RM9,131,000 on 31 July 2014.

In respect of the financial year ended 31 December 2013, the Company paid an interim gross dividend of 3 sen per share, less income tax totalling RM6,848,000 on 5 July 2013.

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

On 2 April 2015, the Directors has proposed the payment of first interim dividend of 3 sen per share under the single-tier dividend system, in respect of the financial year ending 31 December 2015.

## 37 BASIC EARNINGS PER SHARE - GROUP

The basic earnings per ordinary share have been calculated by dividing the Group's total net profit from continuing and discontinued operations after non-controlling interests as stated below over the weighted average number of ordinary shares of the Company in issue during the financial year of 304,216,000 shares net of treasury shares (2013: 304,354,000 shares).

	<u>2014</u> <u>RM'000</u>	<u>2013</u> <u>RM'000</u>
Loss for the financial year from continuing operations after non-controlling interests	(4,134)	(11,326)
Profit for the financial year from discontinued operations after non-controlling interests	20,876	16,034
<b>Profit for the financial year attributable to the owners of the Company</b>	<b>16,742</b>	<b>4,708</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 38 DISPOSAL OF SUBSIDIARIES

- (a) On 30 September 2011, the Company and its wholly-owned subsidiary, MAA Corporation Sdn Bhd ("MAA Corp"), completed the disposal of MAA Assurance, Multioto Services Sdn Bhd, Malaysian Alliance Property Services Sdn Bhd, Maagnet Systems Sdn Bhd and Maagnet-SSMS Sdn Bhd (hereinafter collectively known as the "Disposed Subsidiaries") to Zurich, for a total cash consideration of RM344.0 million ("the Disposal"). Following the completion of the Disposal, these companies ceased to be subsidiaries of the Group.

In the previous financial year ended 31 December 2013, the Group and the Company recorded further additional gain (net of selling expenses) of RM14.3 million and RM8.3 million respectively under the Settlement Agreement signed with Zurich as disclosed in Note 50(a) to the financial statements.

- (b) On 31 December 2013, MAA Corp completed the disposal of its 55% equity interest in MAAKL Mutual Berhad ("MAAKL Mutual") for a total cash consideration of RM53.1 million.

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

Details of the disposal are as follows:

<b>GROUP</b>	<b>At date of disposal RM'000</b>
Property, plant and equipment	2,602
Intangible assets	4,096
Trade and other receivables	14,765
Tax recoverable	1
Cash and cash equivalents	19,473
Trade and other payables	(25,644)
Current tax liabilities	(391)
Deferred tax liabilities	(322)
	<hr/>
Net assets	14,580
	<hr/>
Less: Non-controlling interests	(6,561)
	<hr/>
	8,019
	<hr/>
Net disposal proceeds	(53,061)
Related selling expenses	2
	<hr/>
Gain on disposal to the Group (Note 26)	(45,040)
	<hr/>
The net cash flow on disposal was determined as follows:	
Net cash received less related selling expenses	53,058
Cash and cash equivalents of disposed subsidiary	(19,473)
	<hr/>
Cash inflow to the Group on disposal	33,585
	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**38 DISPOSAL OF SUBSIDIARIES** (continued)

- (c) On 3 July 2014, MAA Corp completed the disposal of its entire equity interest in Chelsea Parking Services Sdn Bhd ("Chelsea Parking") for a total cash consideration of RM10, as disclosed in Note 50(d) to the financial statements.

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

Details of the disposal are as follows:

<b>GROUP</b>	<b>At date of disposal</b> <b>RM'000</b>
Cash and cash equivalents	22
Other payables	(21)
Current tax liabilities	(1)
	<hr/>
Net assets	-
Net disposal proceeds	-(*)
	<hr/>
Gain on disposal to the Group (Note 26)	-
	<hr/>
The net cash flow on disposal was determined as follows:	
Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	(22)
	<hr/>
Cash outflow to the Group on disposal	(22)
	<hr/>

(\*) Denotes RM10.

- (d) On 2 October 2014, MAA Credit Berhad ("MAA Credit") completed the disposal of its entire equity interest in Nilam Timur Sdn Bhd ("NTSB") for a total cash consideration of RM10, as disclosed in Note 50(e) to the financial statements.

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

Details of the disposal are as follows:

<b>GROUP</b>	<b>At date of disposal</b> <b>RM'000</b>
Leasehold land	2,349
AFS financial assets	620
Other payables	(3,341)
Term loan payables	(7,205)
	<hr/>
Net liabilities	(7,577)
Net disposal proceeds	-(*)
	<hr/>
Gain on disposal to the Group (Note 26)	(7,577)
	<hr/>

The net cash flow on disposal was determined as follows:

Net cash received	-(*)
Cash and cash equivalents of disposed subsidiary	-
	<hr/>
Cash inflow to the Group on disposal	-
	<hr/>

(\*) Denotes RM10.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 38 DISPOSAL OF SUBSIDIARIES (continued)

- (e) On 24 December 2014, MAA Corporate Advisory Sdn Bhd completed the disposal of its 51% equity interest in MAACA Labuan Ltd ("MAACA Labuan") for a total cash consideration of RM66,776, as disclosed in Note 50(f) to the financial statements

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

Details of the disposal are as follows:

<b>GROUP</b>	<b>At date of disposal</b>
	<b>RM'000</b>
Property, plant and equipment	59
Other receivables	9
Cash and cash equivalents	18
Other payables	(5)
Current tax liabilities	(20)
	<hr/>
Net assets	61
	<hr/>
Less: Non-controlling interests	(30)
	<hr/>
	31
	<hr/>
Net disposal proceeds	(67)
	<hr/>
Gain on disposal to the Group (Note 26)	(36)
	<hr/>
The net cash flow on disposal was determined as follows:	
Net cash received	67
Cash and cash equivalents of disposed subsidiary	(18)
	<hr/>
Cash inflow to the Group on disposal	49
	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**39 TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

## (a) Acquisition of additional interest in subsidiaries

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

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

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

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

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

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

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

**40 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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Office renovation	298	637	-	-

## (b) Operating lease commitments

The Group and the Company lease various offices under operating lease agreements. The lease terms are between 1 and 3 years, and majority of the lease agreements are renewable at the end of the lease period at market rate. The lease expenditure (office rental) charged to the income statement during the years are disclosed in Note 32 to the financial statements.

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

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
No later than 1 year	3,431	2,691	421	322
Later than 1 year and no later than 3 years	6,051	102	807	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,482	2,793	1,228	322

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 41 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:

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

#### Significant related party transactions

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Transactions with subsidiaries:</u>				
Interest income from advances to subsidiaries	-	-	1,898	1,859
Management fee income from subsidiaries	-	-	1,274	1,411
<u>Transactions with related parties:</u>				
Rental income receivable from:				
Melewar Industrial Group Berhad	68	67	-	-
Melewar Equities Sdn Bhd	44	43	-	-
Trace Management Services Sdn Bhd	79	86	-	-
Office service fee income receivable from:				
Melewar Industrial Group Berhad	15	15	-	-
Melewar Equities Sdn Bhd	10	10	-	-
Rental charge payable to				
Melewar Integrated Engineering Sdn Bhd	(25)	(61)	(25)	(61)
Company secretarial and related fees payable to				
Trace Management Services Sdn Bhd	(334)	(370)	(193)	(185)
<u>Transactions with associates:</u>				
Management fee income receivable from/(payable to)				
MAA Bancwell Trustee Berhad	60	(676)	60	(676)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**41 SIGNIFICANT RELATED PARTY DISCLOSURES** (continued)Related party receivables/payables

The balances with related parties at the financial year end are disclosed in Notes 13 and 19 to the financial statements.

Key management personnel

Key management personnel received remuneration for services rendered during the financial year. The key management personnel of the Group and the Company comprised the Chief Executive Officer and Executive Directors. The total compensations paid to the Group's and the Company's key management personnel are disclosed in Note 32 to the financial statements.

The financial year end balances with key management personnel were as follows:

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Amounts receivable from mortgage loan (Note 11)	-	33	-	33
Amounts due to a Director (Note 19)	-	2,022	-	-

During the financial year, the amounts receivable from mortgage loan were secured against the properties pledged, with fixed repayment terms and bearing interest at the rates ranging from 5% to 8.5% per annum (2013: 5% to 8.5% per annum). The mortgage loan was fully repaid on 23 July 2014.

The amounts due to a Director were unsecured, interest free and with no fixed terms of repayment. The amounts due were fully repaid on 22 September 2014.

**42 SEGMENTAL INFORMATION**

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

The Group has seven (7) operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they employ different technology and marketing strategies. The operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee of the Company (the chief operating decision maker). The following summary describes the operations in each of the Group's operating segments:

- Life insurance - underwriting life insurance business, including investment-linked business
- General insurance - underwriting all classes of general insurance business
- Family takaful business - underwriting family takaful business
- General takaful business - underwriting general takaful business
- Shareholders' fund of the insurance and takaful businesses
- Card business - business of prepaid cards and other related cards and services
- Investment holdings

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

During the financial year ended 31 December 2014, the Group re-assessed its operating segments in accordance with MFRS 8.13. Based on that assessment, the Group reclassified two operations, i.e. card business and investment holdings which met the quantitative thresholds as the Group's operating segment. However, in order to conform to the current financial year's presentation of segmental information, the preceding financial year's segmental information have been restated.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

	Insurance			Takaful		Card business	Investment holdings		Other segments		Total	Inter-segment elimination	Group
	Life Insurance	General Insurance	Share-holders' fund	General Takaful	Family Takaful	Share holders' fund	Conti-nuing	Disconti-nued	Conti-nuing	Disconti-nued	RM'000	RM'000	RM'000
External revenue	53	290	446	290,650	381,917	3,862	10,543	-	6,972	3	694,987	-	694,987
Net earned premiums/contributions	-	107	-	67,728	361,806	-	-	-	-	-	429,641	-	429,641
Interest income	53	180	308	4,063	8,721	4,079	10,460	-	130	3	28,148	-	28,148
Allowance for impairment loss on loans from leasing, hire purchase and others – net (Note 30)	-	-	-	-	-	-	-	-	(5,174)	-	(5,174)	-	(5,174)
Other revenue	(137)	14,396	3,161	43,637	(16,465)	179,608	(7,321)	20,113	14,228	364	251,659	(165,106)	86,553
Net insurance/takaful benefits and claims	489	(484)	-	(35,131)	(271,621)	-	-	-	-	-	(306,747)	-	(306,747)
Write back of/(allowance for) impairment loss on trade and other receivables (Note 32)	-	-	-	562	-	-	(43)	-	(126)	-	393	-	393
Write back of/(allowance for) impairment loss on insurance/takaful receivables (Note 32)	-	5,138	-	(11,070)	(805)	-	-	-	-	-	(6,737)	-	(6,737)
Other expenses	(222)	(2,299)	(2,414)	(72,300)	(92,806)	(171,374)	(17,854)	-	(8,618)	(113)	(371,014)	165,106	(205,908)
Depreciation	-	(47)	(158)	-	-	(2,481)	(630)	-	(83)	(59)	(3,474)	-	(3,474)
Amortisation	-	-	-	-	-	(1,127)	(72)	-	(5)	-	(1,228)	-	(1,228)
Finance costs	-	-	-	-	-	-	-	-	(325)	-	(325)	-	(325)
Profit/(loss) by segments	183	16,991	897	(2,511)	(11,170)	8,705	(15,460)	20,113	27	195	15,142	-	15,142
Tax income/(expenses) attributable to participants	-	-	-	1,960	(178)	-	-	-	-	-	1,782	-	1,782
Share of profit of associates not included in reportable segments	183	16,991	897	(551)	(11,348)	8,705	(15,460)	20,113	27	195	16,924	-	16,924
Profit before taxation	-	-	-	-	-	-	-	-	-	-	2,320	-	2,320
	-	-	-	-	-	-	-	-	-	-	19,244	-	19,244

Share of profit of associates not included in reportable segments

Profit before taxation

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 42 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2013

	Unit trust fund management														Inter-segment elimination	Group			
	Insurance				Share holders' fund				Card business				Investment holdings				Other segments		Total
	Life Insurance	General Insurance	Share holders' fund	Takaful	General Takaful	Family Takaful	Share holders' fund	Takaful	Discontinued	RM'000	RM'000	RM'000	RM'000	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	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
External revenue	150	28,360	1,334	218,803	280,476	3,884	47,155	147	6,234	-	9,667	3	596,213	(10,000)	586,213				
Net earned premiums/contributions	-	3,484	-	44,631	258,707	-	-	-	-	-	-	-	306,822	(10,000)	296,822				
Interest income	150	209	671	3,025	6,588	3,886	807	146	5,930	-	101	3	21,516	-	21,516				
Write back of/(allowance for) impairment loss on investment in associates (Note 30)	-	-	-	-	-	-	-	-	3,747	-	(81)	-	3,666	-	3,666				
Allowance for impairment loss on AFS financial assets (Note 30)	-	-	-	-	-	-	-	-	(11,968)	-	-	-	(11,968)	-	(11,968)				
Write back of impairment loss on loans from leasing, hire purchase and others – net (Note 30)	-	-	-	-	-	-	-	-	-	-	1,451	-	1,451	-	1,451				
Other revenue	479	(693)	4,173	47,411	18,535	165,047	46,315	1	26,598	59,378	12,192	-	379,436	(149,451)	229,985				
Net insurance/takaful benefits and claims	(338)	(19,082)	-	(27,073)	(193,400)	-	-	-	-	-	-	-	(239,893)	10,396	(229,497)				
Allowance for impairment loss on trade and other receivables (Note 32)	-	-	(197)	(579)	-	-	-	-	-	-	-	-	(776)	-	(776)				
Allowance for impairment loss on insurance/takaful receivables (Note 32)	-	(4,100)	-	(1,468)	(1,833)	-	-	-	-	-	-	-	(7,401)	-	(7,401)				
Other expenses	(1,320)	(7,770)	(4,574)	(63,070)	(85,726)	(152,672)	(42,076)	(2,196)	(18,525)	(45,000)	(11,957)	(165)	(435,051)	149,033	(286,018)				
Depreciation	-	(141)	(95)	-	-	(2,391)	(457)	(20)	(634)	-	(96)	(61)	(3,895)	-	(3,895)				
Amortisation	-	-	-	-	-	(1,136)	(483)	(24)	(68)	-	(4)	-	(1,715)	-	(1,715)				
Finance costs	-	-	-	-	-	-	-	-	(404)	-	(404)	-	(404)	-	(404)				
(Loss)/profit by segments	(1,029)	(28,093)	(22)	2,877	2,871	12,734	4,106	(2,093)	5,080	14,378	1,202	(223)	11,788	(22)	11,766				

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 42 SEGMENTAL INFORMATION (continued)

Financial year ended 31 December 2013 (continued)

	Unit trust										Inter- segment elimination	Group
	fund					management						
	Insurance		Share holders' fund		Share holders' fund	Takaful	Card business	Investment holdings		Other segments		
Life Insurance	General Insurance	Share holders' fund	General Takaful	Family Takaful	Share holders' fund							
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	-	-	-	-	(295)	-	-	-	-	-	(295)	(295)
	-	-	-	(1,252)	(2,871)	-	-	-	-	-	(4,123)	34 (4,089)
(1,029)	(28,093)	(22)	1,625	-	12,439	4,106	(2,093)	5,080	14,378	1,202	7,370	12 7,382
Share of profit of associates not included in reportable segments												
											1,525	- 1,525
Profit before taxation												
											8,895	12 8,907



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 42 SEGMENTAL INFORMATION (continued)

	Insurance			Takaful		Card business	Investment holdings	Other segments	Total	Inter-segment elimination	Group
	Life Insurance	General Insurance	Share holders' fund	General Takaful fund	Family Takaful fund	Share holders' fund					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2014</b>											
Segment assets	420	65,936	45,407	499,755	468,898	147,645	6,130	252,995	7,254	1,494,440	- 1,494,440
Associates											64,866
Total assets											<u>1,559,306</u>
<b>31 December 2013</b>											
Segment assets	5,891	52,285	56,492	320,575	386,290	122,043	5,287	333,221	15,466	1,297,550	- 1,297,550
Associates											61,497
Total assets											<u>1,359,047</u>

During the financial year ended 31 December 2014, the Group reclassified a piece of leasehold land of RM178,000 from asset classified as held for sale under other segment to property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 42 SEGMENTAL INFORMATION (continued)

#### Geographical segments

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

	External revenue		Non-current assets	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Malaysia				
- Continuing operations	694,606	510,604	20,854	63,475
- Discontinued operations	3	47,155	-	-
	694,609	557,759	20,854	63,475
Indonesia	290	28,360	8,058	6,483
London	-	-	6,840	6,146
Others	88	94	-	-
	694,987	586,213	35,752	76,104

### 43 CAPITAL MANAGEMENT

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

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

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

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 2014.

The minimum Capital Adequacy Ratio ("CAR") under Risk-Based Capital Framework regulated by BNM is 130% for takaful operator. On this note, the Group's takaful subsidiary has complied with the minimum CAR as at 31 December 2014. Likewise, the Group's Labuan offshore insurance subsidiary has also complied with the solvency requirements of Labuan Financial Services Authority as at 31 December 2014. Nevertheless, the Group's insurance subsidiary in Indonesia did not comply with the share capital and solvency requirements of Financial Service Authority for both the financial years ended 31 December 2014 and 2013. Since the previous financial year 2013, the said subsidiary has commenced operations downsizing and liabilities settlement plan including claims hair-cut negotiations and commutation plan with reinsurance receivables. On 26 February 2014, the Board of Directors of the Company has approved in principle for the proposed liquidation of the said subsidiary in due course upon the earlier of the completion of the liabilities settlement plan of the company or the cessation of the Group's funding when the liabilities settlement plan is deemed no longer viable.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 44 RISK MANAGEMENT FRAMEWORK

#### Risk Governance Structure

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

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

1. The Business Units acting as the "first line of defence" is 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. The priority should be 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 Risk Management Department acting as the "second line of defence" conducts risk oversight and supports the risk policies and framework that is approved by the Group Risk Management Committee. The Risk Management Department facilitates in assessing the adequacy of the internal control systems.
3. The Audit Committee's key role, supported by the Internal Audit function, as the "third line of defence" provides an independent assessment of the adequacy and reliability of the risk management processes and compliance among the Business Units with the risk policies, regulatory guidelines and Group's procedures.

The Group has established within its risk management framework a structured approach to enterprise-wide risk management with risk management process which encompasses risk identification, risk evaluation, risk treatment and risk monitoring.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 45 INSURANCE/TAKAFUL RISK

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

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

#### (I) Family takaful contracts

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

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

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

	31.12.2014			31.12.2013		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Whole life	-	-	-	894	-	894
Endowment	380,590	(2,850)	377,740	319,346	(2,585)	316,761
Term	65,455	(11,685)	53,770	31,892	(12,905)	18,987
	446,045	(14,535)	431,510	352,132	(15,490)	336,642

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

#### Key assumptions

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

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

#### (a) Mortality Rates

Assumption is based on industry standard table – M9903

#### (b) Morbidity Rates

Assumption is mainly based on reinsurer rates

#### (c) Investment Return

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**45 INSURANCE/TAKAFUL RISK** (continued)**(I) Family takaful contracts** (continued)Key assumptions (continued)

## (d) Expenses

Assumption varies by product type as follow:

<u>Product Type</u>	<u>RM per certificate</u>
Investment –linked	83
Ordinary Family	69
Group Family	28

## (e) Lapse and Surrender Rates

2% per annum is assumed for single contribution certificates

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

Plan	Certificate Year (%)						
	1	2	3	4	5	6	7+
Takafulink	20	15	10	10	10	8	6
Takafulink Education	15	10	10	8	8	4.5	4.5
Takafulife Series	25	20	10	3.5	3.5	3.5	3.5
CancerCare	30	45	20	3.5	3.5	3.5	3.5
SmartMedic	15	40	30	25	25	25	25
Term80	25	20	10	3.5	3.5	3.5	3.5

## (f) Contribution holiday for Investment-linked products

Plan	Certificate Year (%)					
	1	2	3	4	5	6+
Takafulink	4	15	10	8	5	5

## (g) Discount Rate

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

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 had 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 45 INSURANCE/TAKAFUL RISK (continued)

#### (I) Family takaful contracts (continued)

##### Sensitivities (continued)

	Impact on Family takaful contract liabilities			
	Change in assumptions	Gross	Net	(Loss)/Profit before tax
	%	RM'000	RM'000	RM'000
<u>31 December 2014</u>				
Mortality/morbidity	+10	3,342	728	(728)
Lapse and surrender rates	+10	(66)	167	(167)
Discount rate	+1	(3,406)	(2,465)	2,465
<u>31 December 2013</u>				
Mortality/morbidity	+10	2,598	809	(809)
Lapse and surrender rates	+10	16	193	(193)
Discount rate	+1	(2,775)	(1,950)	1,950

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

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

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

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

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

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

##### General Insurance Contracts

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

	31.12.2014			31.12.2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Fire	23,824	(3,910)	19,914	46,708	(23,128)	23,580
Motor vehicle	14	-	14	383	(14)	369
Marine Cargo, Aviation Cargo and Transit	2,183	(262)	1,921	5,377	(2,244)	3,133
Miscellaneous	6,936	(1,496)	5,440	9,831	(3,485)	6,346
	32,957	(5,668)	27,289	62,299	(28,871)	33,428
Currency translation differences	1,898	(840)	1,058	9,277	(13,098)	(3,821)
	34,855	(6,508)	28,347	71,576	(41,969)	29,607

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**45 INSURANCE/TAKAFUL RISK** (continued)**(II) General insurance and General takaful contracts** (continued)**General Insurance Contracts** (continued)Key assumptions

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

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

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

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

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

Sensitivities

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

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

Increasing the ELRs by 10% yields the following impact:

		Impact on			
	Change in assumptions	Gross liabilities	Net liabilities	Profit before tax	Equity
	%	RM'000	RM'000	RM'000	RM'000
<u>31 December 2014</u>					
Expected loss ratios	+10%	11	11	(11)	(8)
<u>31 December 2013</u>					
Expected loss ratios	+10%	2,815	348	(348)	(261)

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 45 INSURANCE/TAKAFUL RISK (continued)

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

##### General Insurance Contracts (continued)

##### Claims Development Table

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

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

##### Gross claims development for 2014

	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(18,090)	(11,277)	(8,875)	(7,049)	(5,331)	(30)	
One year later	(29,896)	(21,362)	(30,379)	(27,754)	(13,523)	-	
Two years later	(6,514)	(7,090)	(12,160)	(15,353)	-	-	
Three years later	(7,580)	(1,485)	(33,768)	-	-	-	
Four years later	(1,066)	(2,888)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(2,888)	(33,768)	(15,353)	(13,523)	(30)	(65,562)
Currency translation differences							11,517
Gross benefits and claims paid							(54,045)

##### Net claims development for 2014

	2009	2010	2011	2012	2013	2014	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(11,845)	(6,765)	(5,326)	(6,056)	(3,405)	(13)	
One year later	(12,073)	(5,078)	(10,717)	(17,430)	(413)	-	
Two years later	(1,207)	(2,175)	(7,396)	(2,126)	-	-	
Three years later	(2,814)	(593)	(242)	-	-	-	
Four years later	(1,017)	(163)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(163)	(242)	(2,126)	(413)	(13)	(2,957)
Currency translation differences							155
Net benefits and claims paid							(2,802)

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



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 45 INSURANCE/TAKAFUL RISK (continued)

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

General Insurance Contracts (continued)Claims Development Table (continued)Gross claims development for 2013

	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(6,280)	(18,090)	(11,277)	(8,875)	(7,049)	(5,331)	
One year later	(11,605)	(29,896)	(21,362)	(30,379)	(27,754)	-	
Two years later	(11,350)	(6,514)	(7,090)	(12,160)	-	-	
Three years later	(157)	(7,580)	(1,485)	-	-	-	
Four years later	(540)	(1,066)	-	-	-	-	
Five years later	-	-	-	-	-	-	
Current payments to date	-	(1,066)	(1,485)	(12,160)	(27,754)	(5,331)	(47,796)
Currency translation differences							3,720
Gross benefits and claims paid							(44,076)

Net claims development for 2013

	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year							
At end of accident year	(5,085)	(11,845)	(6,765)	(5,326)	(6,056)	(3,405)	
One year later	(3,787)	(12,073)	(5,078)	(10,717)	(17,430)	-	
Two years later	(5,813)	(1,207)	(2,175)	(7,396)	-	-	
Three years later	(37)	(2,814)	(593)	-	-	-	
Four years later	(398)	-	-	-	-	-	
Five years later	-	-	-	-	-	-	
Six years later	-	-	-	-	-	-	
Seven years later	-	-	-	-	-	-	
Current payments to date	-	-	(593)	(7,396)	(17,430)	(3,405)	(28,824)
Currency translation differences							2,178
Net benefits and claims paid							(26,646)

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 45 INSURANCE/TAKAFUL RISK (continued)

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

##### General Takaful Contracts

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

	31.12.2014			31.12.2013		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fire	65,538	(62,583)	2,955	25,861	(24,523)	1,338
Motor vehicle	102,668	(75,146)	27,522	63,232	(46,637)	16,595
Marine Cargo, Aviation Cargo and Transit	13,494	(12,864)	630	12,191	(11,625)	566
Miscellaneous	65,539	(50,120)	15,419	58,752	(44,712)	14,040
	247,239	(200,713)	46,526	160,036	(127,497)	32,539

##### Key assumptions

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

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

##### Sensitivities

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

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and profit before 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 had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

	Change in assumptions	Impact on General takaful contract liabilities			
		Gross	Net	Profit before tax	Profit after tax
	%	RM'000	RM'000	RM'000	RM'000
<u>31 December 2014</u>					
Average open claims	+10	24,724	4,653	(4,653)	(3,490)
Loss ratio	+10	28,681	6,773	(6,773)	(5,080)
Provision for risk of adverse deviation	+1	246	40	(40)	(31)
<u>31 December 2013</u>					
Average open claims	+10	16,004	3,254	(3,254)	(2,441)
Loss ratio	+10	22,577	4,510	(4,510)	(3,383)
Provision for risk of adverse deviation	+1	163	29	(29)	(22)

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

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

## 31 DECEMBER 2014

**45 INSURANCE/TAKAFUL RISK (continued)****General Takaful Contracts** (continued)

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.

Gross General Takaful Contract Liabilities for 2014

[illegible]

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

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

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

**General Takaful Contracts** (continued)

Claims Development Table (continued)

## Net General Takaful Contract Liabilities for 2014

	2007	2008	2009	2010	2011	2012	2013	2014	Total
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accident year									
At end of accident year	39	1,640	5,655	25,190	17,488	17,661	28,155	35,176	
One year later	48	1,642	6,165	24,835	15,510	17,635	25,865	-	
Two years later	32	1,370	5,340	23,500	14,818	16,905	-	-	
Three years later	26	1,198	5,206	22,573	14,495	-	-	-	
Four years later	24	1,230	5,040	22,407	-	-	-	-	
Five years later	24	1,213	4,989	-	-	-	-	-	
Six years later	23	1,202	-	-	-	-	-	-	
Seven years later	23	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	23	1,202	4,989	22,407	14,495	16,905	25,865	35,176	
At end of accident year	-	(339)	(1,548)	(5,284)	(4,927)	(5,573)	(9,536)	(10,443)	
One year later	(23)	(1,032)	(3,831)	(14,461)	(11,260)	(12,654)	(18,208)	-	
Two years later	(23)	(1,169)	(4,285)	(18,328)	(12,480)	(14,142)	-	-	
Three years later	(23)	(1,182)	(4,511)	(19,342)	(12,846)	-	-	-	
Four years later	(23)	(1,186)	(4,587)	(19,571)	-	-	-	-	
Five years later	(23)	(1,187)	(4,599)	-	-	-	-	-	
Six years later	(23)	(1,187)	-	-	-	-	-	-	
Seven years later	(23)	-	-	-	-	-	-	-	
Cumulative payments to-date	(23)	(1,187)	(4,599)	(19,571)	(12,846)	(14,142)	(18,208)	(10,443)	
Net General takaful contract liabilities	-	15	390	2,836	1,649	2,763	7,657	24,733	40,043
Provision for risk of adverse deviation									3,768
Pipeline business									2,715
Net General takaful contract liabilities									46,526



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

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

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

**General Takaful Contracts** (continued)

Claims Development Table (continued)

## Net General Takaful Contract Liabilities for 2013

[illegible]

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK

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

The Group manages these positions within an Asset Liability Management ("ALM") framework that has been developed for the insurance/takaful subsidiaries to achieve long term investment returns in excess its obligations under insurance/takaful contracts. The key principle of the framework is 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 ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance/takaful liabilities. The note below explain how financial risks are managed using the categories in the Group's ALM framework. In particular, the ALM framework requires the management of interest 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 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) investment in cash and receivables, (ii) corporate and islamic debt securities and (iii) exposure to counterparty's reinsurance contracts. For investments in corporate and Islamic debt securities, a downgrade of credit rating or widening of credit spread may also incur financial loss. Qardhul Hassan is not a financial instrument and hence is not exposed to credit risk.

Minimum credit quality only applies to investments in corporate and islamic debt securities with a minimum rating of BBB-/BBB3 (at date of investment) provided by Malaysian Credit Rating Corporation ("MARC") and Rating Agency of Malaysia ("RAM"), respectively. The Group however intends to maintain a minimum rating of A/A2 in the overall bond portfolio under current returns objectives. The Group does not solely depend on the rating report provided but as in all credit assessments/reviews are based on publicly available issuer information together with in-house analysis based on information provided by the borrower/ issuer, peer group comparisons, industry comparisons and other quantitative tools.

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

The Group issues investment-linked investment contracts. In the investment-linked business, the holders of these contract 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 is made on those securities/loans (or part of remaining amount) where the level of security has been impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Credit Risk (continued)

##### Credit Exposure

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

#### **GROUP**

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

\* Not subject to credit risk.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 46 FINANCIAL RISK (continued)

## Credit Risk (continued)

## Credit Exposure (continued)

## GROUP

	Insurance/ takaful and Shareholders' funds	Investment -linked fund	Total
	RM'000	RM'000	RM'000
31 December 2013			
Reinsurance/retakaful assets	184,956	-	184,956
Financial assets at FVTPL:			
Corporate debt securities	-	3,961	3,961
Equities securities*	15,120	-	15,120
Unit trust*	2,033	-	2,033
Syariah-approved equity securities*	5,828	203,231	209,059
Islamic debt securities	-	48,258	48,258
Other investments*	1,511	4,350	5,861
Investment-linked units*	10,430	-	10,430
AFS financial assets:			
Corporate debt securities	35,222	-	35,222
Equities securities*	28,184	-	28,184
Islamic debt securities	141,796	-	141,796
Government debt securities	1,406	-	1,406
Malaysian Government Guarantee Financing	7,753	-	7,753
HTM financial assets:			
Malaysian Government Guarantee Financing	40,881	-	40,881
Loans and receivables:			
Loans	5,834	-	5,834
Fixed and call deposits	103,197	-	103,197
Insurance/takaful receivables	50,922	-	50,922
Trade and other receivables	106,215	1,406	107,621
Cash and cash equivalents	153,024	28,816	181,840
	894,312	290,022	1,184,334

\* Not subject to credit risk.

## COMPANY

	31.12.2014	31.12.2013
	RM'000	RM'000
AFS financial assets:		
Corporate debt securities	34,647	34,714
Loans and receivables:		
Loans	-	38
Fixed and call deposits	19,062	100,565
Trade and other receivables	45,847	143,776
Cash and cash equivalents	159,243	32,609
	258,799	311,702

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Credit Risk (continued)

##### Credit 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										Total
	AAA	AA	A	BBB	Not rated	Not subject to credit risk	Investment-linked fund	Past due but not impaired	Past due and impaired		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014											
Reinsurance/retakaful assets	-	41,600	123,469	19,455	37,232	-	-	-	-	-	221,756
Financial assets at FVTPL:											
Unit trust	-	-	-	-	-	1,946	-	-	-	-	1,946
Syariah-approved equity securities	-	-	-	-	-	1,846	219,736	-	-	-	221,582
Islamic debt securities	-	-	-	-	-	-	87,990	-	-	-	87,990
Investment-linked units	-	-	-	-	-	9,487	-	-	-	-	9,487
AFS financial assets:											
Corporate debt securities	-	34,647	-	-	-	-	-	-	-	-	34,647
Equities securities	-	-	-	-	-	29,426	-	-	-	-	29,426
Islamic debt securities	49,927	90,059	-	-	5,111	-	-	-	-	-	145,097
Government debt securities	-	-	-	-	1,544	-	-	-	-	-	1,544
HTM financial assets:											
Malaysian Government Guarantee Financing	-	-	-	-	41,002	-	-	-	-	-	41,002
Loans and receivables:											
Loans	-	-	-	-	5,640	-	-	-	-	-	5,640
Fixed and call deposits	2,333	19,062	492	-	-	-	-	-	-	-	21,887
Insurance/takaful receivables	28	-	9,384	310	108,954	-	-	38,219	18,828	175,723	
Trade and other receivables	-	-	-	-	51,503	-	1,295	-	17	52,815	
Cash and cash equivalents	254,848	44,728	-	-	2,059	-	40,633	-	-	342,268	
Allowance for impairment loss	-	-	-	-	-	-	-	-	(18,845)	(18,845)	
	307,136	230,096	133,345	19,765	253,045	42,705	349,654	38,219	-	1,373,965	

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 46 FINANCIAL RISK (continued)

## Credit Risk (continued)

Credit Exposure by Credit Rating (continued)

## GROUP

	Neither past-due nor impaired										Total
	AAA	AA	A	BBB	Not rated	Not subject to credit risk	Investment-linked fund	Past due but not impaired	Past due and impaired		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2013											
Reinsurance/retakaful assets	-	7,685	84,622	37,005	55,644	-	-	-	-	-	184,956
Financial assets at FVTPL:											
Corporate debt securities	-	-	-	-	-	-	3,961	-	-	-	3,961
Equities securities	-	-	-	-	-	15,120	-	-	-	-	15,120
Unit trust	-	-	-	-	-	2,033	-	-	-	-	2,033
Syariah-approved equity securities	-	-	-	-	-	5,828	203,231	-	-	-	209,059
Islamic debt securities	-	-	-	-	-	-	48,258	-	-	-	48,258
Other investments	-	-	-	-	-	1,511	4,350	-	-	-	5,861
Investment-linked units	-	-	-	-	-	10,430	-	-	-	-	10,430
AFS financial assets:											
Corporate debt securities	-	-	34,714	-	508	-	-	-	-	-	35,222
Equities securities	-	-	-	-	-	28,184	-	-	-	-	28,184
Islamic debt securities	55,392	86,404	-	-	-	-	-	-	-	-	141,796
Government debt securities	-	-	-	-	1,406	-	-	-	-	-	1,406
Malaysian Government Guarantee Financing	-	-	-	-	7,753	-	-	-	-	-	7,753
HTM financial assets:											
Malaysian Government Guarantee Financing	-	-	-	-	40,881	-	-	-	-	-	40,881
Loans and receivables:											
Loans	-	-	-	-	5,834	-	-	-	-	-	5,834
Fixed and call deposits	1,046	100,579	472	-	1,100	-	-	-	-	-	103,197
Insurance/takaful receivables	-	-	-	431	13,854	-	-	36,637	12,091	-	63,013
Trade and other receivables	55,498	-	-	-	50,717	-	1,406	-	-	-	107,621
Cash and cash equivalents	67,708	82,181	392	-	2,743	-	28,816	-	-	-	181,840
Allowance for impairment loss	-	-	-	-	-	-	-	-	(12,091)	-	(12,091)
	179,644	276,849	120,200	37,436	180,440	63,106	290,022	36,637	-	-	1,184,334

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Credit Risk (continued)

##### Credit Exposure by Credit Rating (continued)

##### Aged analysis of financial assets past due but not impaired

For assets to be classified as "past-due and impaired", contractual payments must be in arrears for more than six (6) months for loans, and more than 90 days for insurance receivables. In addition, full impairment was made on outstanding debts exceeding twelve months, outstanding debts with terminated status, closed accounts, commuted, winding-up under legal action, accounts written off or those served with letters of demand. This applies similarly to reinsurance assets, particularly reinsurance recoverable on outstanding claims. No collateral is held as security for any past due or impaired assets. The Group records impairment allowance for loans and receivables and insurance/takaful receivables in a separate allowance for impairment accounts.

#### **GROUP**

	<b>&gt; 60 days</b>	<b>&gt; 120 days</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>31 December 2014</u>			
Insurance/takaful receivables	17,986	20,233	38,219
<u>31 December 2013</u>			
Insurance/takaful receivables	11,430	25,207	36,637

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**

	<b>Neither past-due nor impaired</b>			<b>Total</b>
	<b>AAA to AA</b>	<b>A</b>	<b>Not rated</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>31 December 2014</u>				
AFS financial assets:				
Corporate debt securities	-	34,647	-	34,647
Loan and receivables:				
Fixed and call deposits	19,062	-	-	19,062
Trade and other receivables	-	-	45,847	45,847
Cash and cash equivalents	159,240	-	3	159,243
	178,302	34,647	45,850	258,799
<u>31 December 2013</u>				
AFS financial assets:				
Corporate debt securities	-	34,714	-	34,714
Loan and receivables:				
Loans	-	-	38	38
Fixed and call deposits	100,565	-	-	100,565
Trade and other receivables	55,498	-	88,278	143,776
Cash and cash equivalents	32,606	-	3	32,609
	188,669	34,714	88,319	311,702

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

**46 FINANCIAL RISK** (continued)**Liquidity Risk**

Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. This situation arises when the Group is unable to convert its financial assets into cash when needed. Demands for funds can usually be met through ongoing normal operations, premiums/contributions received, sale of assets or borrowings through committed credit facilities from bankers. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, 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 flow from the in-force insurance/takaful contract liabilities consist of renewal premiums/contributions, commissions, claims, maturities and surrenders. Renewal premiums/contributions, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain.

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

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

Maturity Profile

The table below summarises the maturity profile of the Group's financial liabilities based on outstanding terms to maturity still remaining.

The insurance/takaful contract liabilities below are gross of reinsurance (no reinsurance credit is taken into account). Unit-linked liabilities are repayable or transferrable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately. Products which have no maturity benefits such as term assurance and yearly renewable plans are excluded as there carry no maturity values. Products with no maturity dates are annuity and whole life plans.

Unearned premiums/contributions and the reinsurers'/retakaful operators' share of unearned premiums/contributions have been excluded from the analysis as they are not contractual obligations.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Liquidity Risk (continued)

#### Maturity Profile (continued)

#### GROUP

31 December 2014

	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
Reinsurance/retakaful assets									
Financial assets at FVTPL:									
Unit trust	221,756	158,768	48,438	4,211	1,300	9,039	-	-	221,756
Syariah-approved equity securities	1,946	-	-	-	-	-	1,946	-	1,946
Islamic debt securities	221,582	-	-	-	-	-	1,846	219,736	221,582
Investment-linked units	87,990	-	-	-	-	-	-	87,990	87,990
AFS financial assets:	9,487	-	-	-	-	-	9,487	-	9,487
Corporate debt securities	34,647	3,074	39,333	-	-	-	-	-	42,407
Equities securities	29,426	-	-	-	-	-	29,426	-	29,426
Islamic debt securities	145,097	-	-	15,327	134,339	77,580	-	-	227,246
Government debt securities	1,544	-	-	-	929	615	-	-	1,544
HTM financial assets:									
Malaysian Government Guarantee Financing	41,002	-	-	-	47,280	19,756	-	-	67,036
Loans and receivables:									
Loans	5,640	5,617	19	6	-	-	-	-	5,642
Fixed and call deposits	21,887	22,203	-	-	-	-	-	-	22,203
Insurance/takaful receivables	156,895	156,895	-	-	-	-	-	-	156,895
Trade and other receivables	52,798	51,503	-	-	-	-	-	1,295	52,798
Cash and cash equivalents	342,268	305,293	-	-	-	-	-	40,633	345,926
	1,373,965	703,353	87,790	19,544	183,848	106,990	42,705	349,654	1,493,884
Insurance contract liabilities									
Takaful contract liabilities	153,844	153,844	-	-	-	-	-	-	153,844
Insurance/takaful payables	693,284	586,738	61,216	5,420	3,386	36,524	-	-	693,284
Trade and other payables	209,677	209,677	-	-	-	-	-	-	209,677
	57,543	57,543	-	-	-	-	-	-	57,543
	1,114,348	1,007,802	61,216	5,420	3,386	36,524	-	-	1,114,348

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 46 FINANCIAL RISK (continued)

## Liquidity Risk (continued)

Maturity Profile (continued)

## GROUP

31 December 2013

	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
Reinsurance/retakaful assets									
Financial assets at FVTPL:									
Corporate debt securities	184,956	165,889	10,021	140	493	8,413	-	-	184,956
Equities securities	3,961	-	-	-	-	-	-	3,961	3,961
Unit trust	15,120	-	-	-	-	-	15,120	-	15,120
Syariah-approved equity securities	2,033	-	-	-	-	-	2,033	-	2,033
Islamic debt securities	209,059	-	-	-	-	-	5,828	203,231	209,059
Other investments	48,258	-	-	-	-	-	-	48,258	48,258
Investment-linked units	5,861	-	-	-	-	-	1,511	4,350	5,861
AFS financial assets:	10,430	-	-	-	-	-	10,430	-	10,430
Corporate debt securities	35,222	3,590	42,465	-	-	-	-	-	46,055
Equities securities	28,184	-	-	-	-	-	28,184	-	28,184
Islamic debt securities	141,796	-	-	9,888	126,984	89,289	-	-	226,161
Government debt securities	1,406	-	-	-	531	875	-	-	1,406
Malaysian Government Guarantee Financing	7,753	-	-	-	10,000	-	-	-	10,000
HTM financial assets:									
Malaysian Government Guarantee Financing	40,881	-	-	-	39,586	29,273	-	-	68,859
Loans and receivables:									
Loans	5,834	5,783	46	13	-	-	-	-	5,842
Fixed and call deposits	103,197	104,333	-	-	-	-	-	-	104,333
Insurance/takaful receivables	50,922	50,922	-	-	-	-	-	-	50,922
Trade and other receivables	107,621	67,518	38,697	-	-	-	-	1,406	107,621
Cash and cash equivalents	181,840	156,758	-	-	-	-	-	28,816	185,574
	1,184,334	554,793	91,229	10,041	177,594	127,850	63,106	290,022	1,314,635
Insurance contract liabilities	71,691	71,691	-	-	-	-	-	-	71,691
Takaful contract liabilities	512,233	449,349	12,402	215	1,540	48,727	-	-	512,233
Financial liabilities	4,715	4,715	-	-	-	-	-	-	4,715
Insurance/takaful payables	111,070	111,070	-	-	-	-	-	-	111,070
Trade and other payables	104,981	101,350	-	-	-	-	-	3,631	104,981
	804,690	738,175	12,402	215	1,540	48,727	-	3,631	804,690

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Liquidity Risk (continued)

Maturity Profile (continued)

#### COMPANY

31 December 2014

AFS financial assets:  
Corporate debt securities  
Loans and receivables:  
Fixed and call deposits  
Trade and other receivables  
Cash and cash equivalents

Trade and other payables

31 December 2013

AFS financial assets:  
Corporate debt securities  
Loans and receivables:  
Loans  
Fixed and call deposits  
Trade and other receivables  
Cash and cash equivalents

Trade and other payables

Carrying value	Up to a year	1 - 3 years	3 - 5 years	5 - 15 years	Over 15 years	No maturity date	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
34,647	3,074	39,333	-	-	-	-	42,407
19,062	19,308	-	-	-	-	-	19,308
45,847	45,847	-	-	-	-	-	45,847
159,243	159,247	-	-	-	-	-	159,247
258,799	227,476	39,333	-	-	-	-	266,809
2,184	2,184	-	-	-	-	-	2,184
34,714	3,082	42,465	-	-	-	-	45,547
38	38	-	-	-	-	-	38
100,565	101,636	-	-	-	-	-	101,636
143,776	124,376	19,400	-	-	-	-	143,776
32,609	32,613	-	-	-	-	-	32,613
311,702	261,745	61,865	-	-	-	-	323,610
46,971	46,971	-	-	-	-	-	46,971



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Market Risk

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

#### Currency Risk

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

The Group has overseas subsidiary and associates that operate in Indonesia, Philippines and Australia whose revenue and expenses are denominated in Indonesian Rupiah, United States Dollar, Peso and Australia Dollar respectively. It also has subsidiaries that operate in Labuan whose revenue and expenses are denominated mainly in United States Dollar. 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 through regular stress testing. The Group does not hedge its foreign currency risk.

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

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

#### Interest/Profit Rate Risk

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 46 FINANCIAL RISK (continued)

#### Market Risk (continued)

##### Interest/Profit Rate Risk (continued)

	Impact on profit before taxation		Impact on equity*	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<b>GROUP</b>				
<u>Interest/Profit Rate</u>				
+ 100 basis points	3,064	2,239	(3,316)	(4,632)
- 100 basis points	(3,064)	(2,239)	3,623	5,356

#### COMPANY

##### Interest/Profit Rate

+100 basis points	1,782	1,330	602	214
- 100 basis points	(1,782)	(1,330)	(929)	(241)

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

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

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

##### Price Risk

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

The equity investment portfolio of the Group is exposed to movements in equity markets. The Group monitors its equity price risk through regular stress testing. In addition, the Group monitors and manages the equity exposure against policies set and agreed by the Investment Committees of the insurance subsidiaries. These policies include monitoring the equity exposure against benchmark set and also single security exposure of the portfolio against the limits set. The Group uses historical stock betas, index levels and equity prices and estimates the volatility and correlation of each of these share prices and index levels to calculate the gains and losses that could occur over a period of time, given a certain index level.

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

<b>GROUP</b>	Impact on profit before taxation		Impact on equity*	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<u>Change in variables</u>				
<u>FTSE Bursa Malaysia</u>				
- FBM KLCI +15% - gain	1,117	5,331	837	3,999
- FBM KLCI -15% - loss	(1,117)	(5,331)	(837)	(3,999)

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 47 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 to implement, measure, monitor and control the risks in order to avoid or reduce losses. Furthermore, the Group's Risk Management and Internal Audit Department facilitates business units to review and ensure the current procedures adhere to all rules and regulations.

### 48 COMPLIANCE RISK

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 49 INSURANCE FUNDS

#### Statement of Financial Position by Funds as at 31 December 2014

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 49 INSURANCE FUNDS (continued)

## Statement of Financial Position by Funds as at 31 December 2013

	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
<b>Assets</b>						
Property, plant and equipment	21,714	129	-	-	-	21,843
Investment properties	12,500	-	-	-	-	12,500
Intangible assets	3,007	-	-	-	-	3,007
Associates	61,497	-	-	-	-	61,497
Deferred tax assets	-	-	-	47	-	47
Tax recoverable	2,740	33	-	-	-	2,773
Reinsurance/retakaful assets	-	41,972	-	200,362	15,490	257,824
Investments	267,717	1,907	3,961	62,397	323,013	658,995
Financial assets at FVTPL	34,922	-	3,961	-	255,839	294,722
AFS financial assets	125,525	1,424	-	45,778	41,634	214,361
HTM financial assets	-	-	-	15,365	25,516	40,881
Loans and receivables	107,270	483	-	1,254	24	109,031
Insurance/takaful receivables	-	6,706	-	37,940	6,276	50,922
Trade and other receivables	105,181	201	63	407	1,769	107,621
Cash and cash equivalents	119,472	1,337	1,867	19,422	39,742	181,840
Assets classified as held for sale	178	-	-	-	-	178
<b>Total assets</b>	594,006	52,285	5,891	320,575	386,290	1,359,047
<b>Equity, policyholders' funds and liabilities</b>						
<b>Liabilities</b>						
Insurance/takaful contract liabilities	-	71,691	-	254,065	352,196	677,952
Investment contract liabilities	-	-	4,082	-	-	4,082
Deferred tax liabilities	2,282	-	-	-	1,689	3,971
Insurance/takaful payables	-	57,778	-	50,848	2,444	111,070
Trade and other payables	83,280	2,655	285	9,805	8,956	104,981
Borrowings						
- Bank overdrafts (unsecured)	4,715	-	-	-	-	4,715
Current tax liabilities	366	40	-	173	1,081	1,660
<b>Total liabilities</b>	90,643	132,164	4,367	314,891	366,366	908,431
<b>Equity</b>						
Share capital	304,354	-	-	-	-	304,354
Retained earnings	116,594	-	-	-	-	116,594
Reserves	10,448	-	-	-	-	10,448
<b>Total equity attributable to the owners of the Company</b>	431,396	-	-	-	-	431,396
Non-controlling interests	19,220	-	-	-	-	19,220
<b>Total equity</b>	450,616	-	-	-	-	450,616
<b>Total equity, policyholders' funds and liabilities</b>	541,259	132,164	4,367	314,891	366,366	1,359,047
<b>Inter-fund balances</b>	52,747	(79,879)	1,524	5,684	19,924	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 49 INSURANCE FUNDS (continued)

#### Income Statement by Funds for the financial year ended 31 December 2014

##### Continuing operations

	Share- holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter- fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/ contributions	-	110	-	286,810	367,560	-	654,480
Premiums/contributions ceded to reinsurers/retakaful operators	-	(3)	-	(219,082)	(5,754)	-	(224,839)
<b>Net earned premiums/ contributions</b>	-	107	-	67,728	361,806	-	429,641
Investment income	14,880	180	53	3,840	14,357	-	33,310
Realised gains and losses – net	796	56	-	(64)	21,378	-	22,166
Fair value gains and losses – net	347	-	(389)	-	(28,297)	-	(28,339)
Fee and commission income	-	-	-	43,924	-	-	43,924
Other operating revenue from non-insurance businesses	7,194	-	-	-	-	-	7,194
Other operating income/ (expenses) – net	11,382	14,340	252	-	(15,182)	-	10,792
Surplus sharing from Family takaful	11,000	-	-	-	-	(11,000)	-
Wakalah fee from takaful business	154,106	-	-	-	-	(154,106)	-
<b>Other revenue</b>	199,705	14,576	(84)	47,700	(7,744)	(165,106)	89,047
<b>Total revenue</b>	199,705	14,683	(84)	115,428	354,062	(165,106)	518,688
Gross benefits and claims paid	-	(54,045)	-	(86,131)	(192,031)	-	(332,207)
Claims ceded to reinsurers/ retakaful operators	-	51,243	-	64,922	5,391	-	121,556
Gross change to contract liabilities	-	38,619	489	(87,138)	(84,026)	-	(132,056)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(36,301)	-	73,216	(955)	-	35,960
<b>Net insurance/takaful benefits and claims</b>	-	(484)	489	(35,131)	(271,621)	-	(306,747)
Fee and commission expenses	(102,615)	-	-	-	-	-	(102,615)
Management expenses	(102,899)	2,792	(222)	(10,508)	(805)	-	(111,642)
Expense liabilities	(2,525)	-	-	-	-	-	(2,525)
Surplus sharing with Shareholders' fund	-	-	-	-	(11,000)	11,000	-
Wakalah fees payable to Shareholders' fund	-	-	-	(72,300)	(81,806)	154,106	-
Finance costs	(325)	-	-	-	-	-	(325)
<b>Other expenses</b>	(208,364)	2,792	(222)	(82,808)	(93,611)	165,106	(217,107)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 49 INSURANCE FUNDS (continued)

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

Continuing operations (continued)

	Share- holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter- fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share of profit of associates, net of tax	2,320	-	-	-	-	-	2,320
<b>(Loss)/profit before zakat</b>	(6,339)	16,991	183	(2,511)	(11,170)	-	(2,846)
Zakat	-	-	-	-	-	-	-
	(6,339)	16,991	183	(2,511)	(11,170)	-	(2,846)
Tax income/(expenses) attributable to participants	-	-	-	1,960	(178)	-	1,782
<b>(Loss)/profit before taxation for Shareholders' fund</b>	(6,339)	16,991	183	(551)	(11,348)	-	(1,064)
Taxation	(1,430)	-	-	1,960	(178)	-	352
Tax (income)/expenses attributable to participants	-	-	-	(1,960)	178	-	(1,782)
Tax expenses attributable to Shareholders' fund	(1,430)	-	-	-	-	-	(1,430)
<b>(Loss)/profit for the financial year</b>	(7,769)	16,991	183	(551)	(11,348)	-	(2,494)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 49 INSURANCE FUNDS (continued)

#### Income Statement by Funds for the financial year ended 31 December 2013

##### Continuing operations

	Share- holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter- fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/ contributions	-	28,151	-	215,757	268,162	(10,000)	502,070
Premiums/contributions ceded to reinsurers/retakaful operators	-	(24,667)	-	(171,126)	(9,455)	-	(205,248)
<b>Net earned premiums/ contributions</b>	-	3,484	-	44,631	258,707	(10,000)	296,822
Investment income	11,805	209	150	3,046	12,314	-	27,524
Realised gains and losses – net	6,896	30	112	874	15,765	-	23,677
Fair value gains and losses – net	2,697	-	261	-	9,745	(430)	12,273
Fee and commission income	-	492	-	46,516	-	-	47,008
Other operating revenue from non-insurance businesses	9,461	-	-	-	-	-	9,461
Other operating income/ (expenses) – net	32,014	(1,215)	106	-	(12,701)	-	18,204
Surplus sharing from Family takaful	7,250	-	-	-	-	(7,250)	-
Wakalah fee from takaful business	141,546	-	-	-	-	(141,546)	-
<b>Other revenue</b>	211,669	(484)	629	50,436	25,123	(149,226)	138,147
<b>Total revenue</b>	211,669	3,000	629	95,067	283,830	(159,226)	434,969
Gross benefits and claims paid	-	(44,076)	(252)	(67,140)	(151,393)	-	(262,861)
Claims ceded to reinsurers/ retakaful operators	-	17,430	-	48,210	10,286	-	75,926
Gross change to contract liabilities	-	33,775	(86)	(51,500)	(52,739)	10,396	(60,154)
Change in contract liabilities ceded to reinsurers/retakaful operators	-	(26,211)	-	43,357	446	-	17,592
<b>Net insurance/takaful benefits and claims</b>	-	(19,082)	(338)	(27,073)	(193,400)	10,396	(229,497)
Fee and commission expenses	(97,168)	(1,162)	-	-	-	-	(98,330)
Management expenses	(96,612)	(10,849)	(1,320)	(2,047)	(1,833)	-	(112,661)
Expense liabilities	(794)	-	-	-	-	-	(794)
Surplus sharing with Shareholders' fund	-	-	-	-	(7,250)	7,250	-
Wakalah fees payable to Shareholders' fund	-	-	-	(63,070)	(78,476)	141,546	-
Finance costs	(404)	-	-	-	-	-	(404)
<b>Other expenses</b>	(194,978)	(12,011)	(1,320)	(65,117)	(87,559)	148,796	(212,189)



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 49 INSURANCE FUNDS (continued)

#### Income Statement by Funds for the financial year ended 31 December 2013

Continuing operations (continued)

	Share- holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Inter- fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share of profit of associates, net of tax	1,525	-	-	-	-	-	1,525
<b>Profit/(loss) before zakat</b>	18,216	(28,093)	(1,029)	2,877	2,871	(34)	(5,192)
Zakat	(295)	-	-	-	-	-	(295)
	17,921	(28,093)	(1,029)	2,877	2,871	(34)	(5,487)
Tax expenses attributable to participants	-	-	-	(1,252)	(2,871)	34	(4,089)
<b>Profit/(loss) before taxation or Shareholders' fund</b>	17,921	(28,093)	(1,029)	1,625	-	-	(9,576)
Taxation	(3,431)	(478)	-	(1,252)	(2,871)	34	(7,998)
Tax expenses attributable to participants	-	-	-	1,252	2,871	(34)	4,089
Tax expenses attributable to Shareholders' fund	(3,431)	(478)	-	-	-	-	(3,909)
<b>Profit/(loss) for the financial year</b>	14,490	(28,571)	(1,029)	1,625	-	-	(13,485)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 49 INSURANCE FUNDS (continued)

#### Income Statement by Funds for the financial year ended 31 December 2014

Discontinued operations

	Shareholders' fund	Total
	RM'000	RM'000
Investment income	3	3
Realised gains and losses	7,613	7,613
Other operating income - net	12,864	12,864
<b>Other revenue</b>	20,480	20,480
<b>Total revenue</b>	20,480	20,480
Management expenses	(172)	(172)
<b>Other expenses</b>	(172)	(172)
<b>Profit before taxation</b>	20,308	20,308
Taxation	(21)	(21)
<b>Profit for the financial year</b>	20,287	20,287

#### Income Statement by Funds for the financial year ended 31 December 2013

Discontinued operations

	Shareholders' fund	Total
	RM'000	RM'000
Investment income	860	860
Realised gains and losses	59,345	59,345
Other operating revenue from non-insurance businesses	46,298	46,298
<b>Other revenue</b>	106,503	106,503
<b>Total revenue</b>	106,503	106,503
Management expenses	(23,608)	(23,608)
Other operating expenses - net	(64,412)	(64,412)
<b>Other expenses</b>	(88,020)	(88,020)
<b>Profit before taxation</b>	18,483	18,483
Taxation	(1,180)	(1,180)
<b>Profit for the financial year</b>	17,303	17,303

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

## 49 INSURANCE FUNDS (continued)

## Information on cash flow by Funds

	Share- holders' fund	General fund	Life fund	General takaful fund	Family takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2014</u>						
Cash flows from:						
Operating activities	34,520	(580)	(1,447)	28,914	39,419	100,826
Investing activities	78,075	70	-	(214)	18	77,949
Financing activities	(7,627)	-	-	-	-	(7,627)
Net increase/(decrease) in cash and cash equivalents	104,968	(510)	(1,447)	28,700	39,437	171,148
Currency translation differences	(6,005)	-	-	-	-	(6,005)
Cash and cash equivalents at beginning of financial year	114,757	1,337	1,867	19,422	39,742	177,125
Cash and cash equivalents at end of financial year	213,720	827	420	48,122	79,179	342,268
<u>31 December 2013</u>						
Cash flows from:						
Operating activities	111,239	(438)	94	10,599	(12,402)	109,092
Investing activities	(74,532)	922	-	(1,254)	(24)	(74,888)
Net increase/(decrease) in cash and cash equivalents	36,707	484	94	9,345	(12,426)	34,204
Currency translation differences	8,962	-	-	-	-	8,962
Cash and cash equivalents at beginning of financial year	69,088	853	1,773	10,077	52,168	133,959
Cash and cash equivalents at end of financial year	114,757	1,337	1,867	19,422	39,742	177,125

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END

- (a) On 30 September 2013, the Company announced that an amount of RM55.1 million had been retained in the escrow account with regards to the sale of the former Malaysian Assurance Alliance Berhad ("MAA Assurance") to Zurich Insurance Company Ltd ("Zurich") until Zurich's remaining outstanding claims are resolved.

Zurich's remaining outstanding claims were related to alleged breach of warranties and indemnities ("Zurich's Counterclaims"), of which a provision of RM45.0 million had been made in the financial year ended 31 December 2013. The said provision amount was based on both parties' ongoing settlement negotiations.

On 1 August 2014, the Company entered into a second settlement agreement with Zurich for the settlement of Zurich's Counterclaims that included, inter-alia, the following salient terms:

- (i) Without any admission of liability or wrongdoing on the part of either party, the parties agree to settle the disputes in relation to Zurich's Counterclaims through the payment of RM32.5 million to Zurich from the escrow account, and the balance escrow monies of approximately RM23.9 million as at 30 July 2014 including interest accrued thereon (if any) shall be released to the Company.
- (ii) With effect from the date that the payments are made to Zurich and the Company, the disputes in relation to Zurich's Counterclaims shall be fully and finally settled ("Settlement Date").
- (iii) With effect from the Settlement Date, the parties agree to discontinue the arbitration proceedings with respect to Zurich's Counterclaims and shall bear the Singapore International Arbitration Centre ("SIAC") costs in equal proportions.

On 29 August 2014, the Company announced it had discontinued the arbitration proceedings against Zurich following both parties' agreement subsequent to the second settlement agreement.

- (b) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of MAA Assurance.

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

As an affected listed issuer, the Company is required pursuant to paragraph 4.1 of the PN17 of the Listing Requirements to announce details of the regularisation plan. Since November 2012, the Company has submitted applications to Bursa Malaysia Securities Berhad ("Bursa Securities") for extension of time to submit a regularisation plan as it is still in the midst of formulating the said plan.

Bursa Securities has granted approvals for the extension of time with the last extension up to 31 January 2015 for the Company to submit a regularisation plan, subject to the Requisite Announcement being made by 31 December 2014 ("Extension of Time").

The Extension of Time 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 make the Requisite Announcement on or before 31 December 2014;
- (ii) The Company fails to submit a regularisation plan to the regulatory authorities on or before 31 January 2015;
- (iii) The Company fails to obtain approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and
- (iv) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

(continued)

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

- (b) Upon occurrence of any of the events set out in (i) to (iv) 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.

On 30 December 2014, the Company announced to undertake a regularisation plan that include, inter-alia the proposed settlement of all obligations and liabilities of PT MAA General Assurance ("PT MAAG") and subsequent proposed divestment/dissolution of the Company, proposed subscription of additional equity interest in an associated company, Columbus Capital Pty Ltd ("CCAU") which will effectively increase the Group's equity interest in CCAU from 47.95% to 55%; and proposed splitting of the composite license of MAA Takaful Berhad into two (2) separate entities.

Further on 30 January 2015, the Company announced that a fresh application for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements has been submitted to Bursa Securities on even date. The Application is subject to Bursa Securities' consideration and announcement in relation to the outcome will be released in due course.

On 23 March 2015, the Company announced that Bursa Securities has, vide its letter dated 23 March 2015, granted an extension of time of up to 30 June 2015 for the Company to submit a regularisation plan ("Extension of Time").

The Extension of Time 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 2015;
- (ii) The Company fails to obtain the 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.

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

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

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

- (d) On 3 July 2014, MAA Corp disposed off its entire equity interest held in a dormant subsidiary, Chelsea Parking Services Sdn Bhd that has ceased operations for at a total cash consideration of RM10, arrived at on a willing-buyer and willing-seller basis to external parties.
- (e) On 2 October 2014, MAA Credit disposed its entire equity interest held in a subsidiary, Nilam Timur Sdn Bhd ("NTSB") for a total cash consideration of RM10 together with a RM1.5 million full and final cash settlement of the outstanding loan due to MAA Credit.
- (f) On 24 December 2014, MAA Corporate Advisory Sdn Bhd ("MAACA"), a wholly owned subsidiary of MAA Corp entered into a Share Sale Agreement with Datuk Rashid bin Ghazalli to dispose its 51% equity interest held in MAACA Labuan Ltd ("MAACA Labuan"), for a total cash consideration of RM66,776, arrived at on a willing-buyer and willing-seller basis after taking into consideration the net assets of MAACA Labuan as at 30 November 2014 of RM66,776.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2014

(continued)

### 51 DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Total retained earnings:				
Realised	109,455	106,656	55,155	63,400
Unrealised	(78)	19,914	(122)	(129)
	109,377	126,570	55,033	63,271
Total share of accumulated profits/(losses) from associates:				
- Realised	(6,131)	(5,175)	-	-
- Unrealised	8,283	5,007	-	-
	2,152	(168)	-	-
	111,529	126,402	55,033	63,271
Less: Consolidation adjustments	2,316	(9,808)	-	-
Total retained earnings	113,845	116,594	55,033	63,271

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.

# LIST OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2015

## SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held	% of Issued Capital (N1)
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ("TY") <i>Indirect Interest</i>	105,777,084	35.26 <sup>#</sup>
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY") <i>Indirect Interest</i>	105,777,084	35.26 <sup>*</sup>
Khyra Legacy Berhad ("Khyra") <i>Indirect Interest</i>	105,777,084	35.26 <sup>#</sup>
Iternum Melewar Sdn Bhd ("IMSB") <i>Indirect Interest</i>	105,777,084	35.26 <sup>+</sup>
Melewar Equities Sdn Bhd ("MESB") <i>Direct Interest</i>	38,513,030	12.84 <sup>#</sup>
Melewar Khyra Sdn Bhd ("MKSB") <i>Direct Interest</i>	40,326,110	13.44 <sup>#</sup>
Melewar Equities (BVI) Ltd <i>Direct Interest</i>	26,937,944	8.98 <sup>#</sup>

## DIRECTORS' SHAREHOLDINGS

Name	No. of Shares Held			
	Direct	% (N1)	Indirect	% (N1)
TY	-	-	105,777,084	35.26 <sup>#</sup>
TYY	-	-	105,777,084	35.26 <sup>*</sup>
Tan Sri Ahmad bin Mohd Don	2,055,000 <sup>**</sup>	0.68	-	-
Tan Sri Datuk Seri Razman Md Hashim	150,000	0.05	-	-
Yeo Took Keat	80,000	0.03	-	-

### Notes:

N1 The percentages of substantial and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of ordinary shares in issue, excluding 4,343,700 Treasury Shares held by the Company.

<sup>#</sup> Deemed interested by virtue of TY being the founder and ultimate beneficial owner of Khyra, a public company limited by guarantee and being the holding company of MESB, Melewar Equities (BVI) Ltd and MKSB.

<sup>+</sup> IMSB is deemed interested in the Company by virtue of it being the holding company of MESB who in turn is the holding company of MKSB. MESB and MKSB are substantial shareholders of the Company.

<sup>\*</sup> Under Section 6A(4) of the Companies Act 1965, TYY is deemed interested in Khyra's deemed interest in the Company by virtue of his family relationship with TY.

<sup>\*\*</sup> 1,575,000 shares are registered in the name of CIMSEC Nominees (Tempatan) Sdn Bhd and the balance of 480,000 shares are registered in the name of Tan Sri Ahmad bin Mohd Don.

# STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2015

Authorised Capital	RM500,000,000
Issued and Paid-up Capital	RM304,353,752
Class of Shares	Ordinary Shares of RM1.00 each
Total Number of Shares Issued	304,353,752
Number of Shareholders	6,805

## Breakdown of shareholdings

Size Of Holdings	No. Of Holders	% Of Holders	No. Of Shares	% Of Shares
1 - 99	253	3.72	9,441	0.00
100 - 1000	830	12.20	630,866	0.21
1001 - 10000	3,737	54.92	18,983,248	6.24
10001 - 100000	1,727	25.38	58,347,018	19.17
100001 and below 5%	255	3.75	120,606,095	39.63
5% and above	3	0.04	105,777,084	34.75
<b>TOTAL</b>	<b>6,805</b>	<b>100.00</b>	<b>304,353,752</b>	<b>100.00</b>

## List of Top Thirty Shareholders

No.	Name	No. Of Shares Held	% Of Issued Capital (N1)
1	Melewar Khyra Sdn Bhd	40,326,110	13.44
2	Melewar Equities Sdn Bhd	38,513,030	12.84
3	Melewar Equities (BVI) Ltd	26,937,944	8.98
4	Affin Hwang Nominees (Asing) Sdn Bhd <i>Beneficiary : UOB Kay Hian Pte Ltd For Bradford Securities Ltd</i>	5,406,900	1.80
5	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Beneficiary : Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)</i>	5,282,575	1.76
6	Maybank Nominees (Asing) Sdn Bhd <i>Beneficiary : Exempt an for DBS Bank Limited (Client A/C)</i>	5,129,100	1.71
7	Lee Kek Ming	3,000,000	1.00
8	Ng Long Tiang	3,000,000	1.00
9	Ong Wan Chin	2,940,000	0.98
10	Lin Thean Fatt	2,792,000	0.93
11	Siva Kumar A/L M Jeyapalan	2,624,800	0.87
12	Maybank Securities Nominees (Asing) Sdn Bhd <i>Beneficiary : Maybank Kim Eng Securities Pte Ltd For Kegani Pacific Ltc Fund L.P.</i>	2,608,400	0.87



## STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2015

(continued)

## List of Top Thirty Shareholders (continued)

No.	Name	No. Of Shares Held	% Of Issued Capital (N1)
13	Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account For Lim Chou Bu (E-KPG)</i>	2,450,000	0.82
14	Michael Ooi Chung Ghee	1,904,000	0.63
15	HSBC Nominees (Asing) Sdn Bhd <i>Beneficiary : Exempt an for UBS AG (Client Assets)</i>	1,700,000	0.57
16	Loh Kah Wai	1,700,000	0.57
17	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Beneficiary : CIMB For Ahmad Bin Mohd Don (PB)</i>	1,575,000	0.52
18	Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary : Pledged Securities Account For Law Yoke Kuan (E-KPG)</i>	1,525,400	0.51
19	HSBC Nominees (Asing) Sdn Bhd <i>Beneficiary : BBH and CO Boston for Bank Morgan Stanley AG Zurich</i>	1,367,800	0.46
20	Kenanga Nominees (Tempatan) Sdn Bhd <i>Beneficiary : Pledged Securities Account For Goh Tai Siang</i>	1,364,200	0.46
21	Loh Kah Wai	1,300,000	0.43
22	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary : Fua Kia Pha</i>	1,280,600	0.43
23	Nirmala Navinchandra Shah	1,154,600	0.38
24	Goh Teck Yiew	1,147,200	0.38
25	Chuah Sze Ming	1,120,000	0.37
26	Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary : Pledged Securities Account For Wong Sui Yuing (E-BTL)</i>	1,099,200	0.37
27	CIMSEC Nominees (Asing) Sdn Bhd <i>Beneficiary : Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	1,096,554	0.37
28	Lim Mok Leng	1,055,000	0.35
29	TA Nominees (Tempatan) Sdn Bhd <i>Beneficiary : Pledged Securities Account For Goh Tai Siang</i>	1,020,600	0.34
30	Lim Kian Huat	1,000,600	0.33
<b>TOTAL</b>		<b>163,421,613</b>	<b>54.47</b>

Note:

(N1) The percentages of thirty largest shareholders are calculated by dividing the shares held by the respective shareholders with the total number of ordinary shares in issue, excluding 4,343,700 Treasury Shares held by the Company.

**NOTICE**  
There will be no  
distribution  
of door gifts

# FORM OF PROXY

(please refer to the notes below)



## MAA GROUP BERHAD

(471403-A)

Incorporated in Malaysia

No. of ordinary shares held	CDS Account No.

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

of \_\_\_\_\_ (Full Address)  
being a member/members of **MAA GROUP BERHAD** hereby appoint \* Chairman of the meeting or

\_\_\_\_\_ of \_\_\_\_\_ or failing him/her  
(Name of Proxy, NRIC No.) (Full Address)

\_\_\_\_\_ of \_\_\_\_\_ as \*my/our proxy  
(Name of Proxy, NRIC No.) (Full Address)

to vote for \*me/us and on \*my/our behalf at the **17th Annual General Meeting ("AGM")** of the Company to be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3 1/2 Miles, Jalan Ipoh, 51200 Kuala Lumpur on Thursday, 28 May 2015 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 17th AGM. My/our proxy is to vote as indicated below:-

Resolution	Description	FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	To approve the payment of Directors' fees amounting to RM180,000.00 for the period from 1 July 2015 to 30 June 2016 to be payable quarterly in arrears.				
	To re-elect the following Directors of the Company who are retiring pursuant to Article 73 of the Company's Articles of Association:-				
Resolution 2	(i) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
Resolution 3	(ii) Mr Yeo Took Keat				
Resolution 4	To re-elect Tan Sri Datuk Seri Razman Md Hashim who is retiring pursuant to Section 129(6) of the Companies Act, 1965.				
Resolution 5	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.				
Resolution 6	Approval for Tan Sri Datuk Seri Razman Md Hashim to continue in office as Independent Non-Executive Director.				
Resolution 7	Approval for Tan Sri Ahmad bin Mohd Don to continue in office as Independent Non-Executive Director.				
Resolution 8	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.				
Resolution 9	To approve the Proposed Renewal of Share Buy-Back Authority.				
Resolution 10	Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.				
Resolution 11	To approve the proposed adoption of a new set of Memorandum and Articles of Association of the Company.				

(Please indicate with a "✓" or "X" in the spaces provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

The proportion of my holdings to be represented by my \*proxy/proxies are as follows:

	Number of shares	Percentage
First proxy		%
Second proxy		%
<b>Total</b>		<b>100%</b>

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\*Strike out whichever is not desired.

\_\_\_\_\_  
Signature of Shareholder(s)/Common Seal

### NOTES :-

- Applicable to shares held through a nominee account.
- A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company, and the provision of the Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- Any alteration in the form of proxy must be initialled.
- Form of Proxy sent through facsimile transmission shall not be accepted.
- For the purpose of determining a member who shall be entitled to attend this 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 51(b), 51(c) and 51(d) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 May 2015. Only a depositor whose name appears on the Record of Depositors as at 22 May 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.
- Explanatory notes to Special Business of the Agenda 6:-

#### (a) Authority to Continue to Act As Independent Non-Executive Directors of the Company Pursuant to Malaysian Code on Corporate Governance 2012 ("MCCG 2012")

The Proposed Resolutions 6 and 7, based on the satisfactory outcome of the review of the Nomination and Remuneration Committee, if passed, will enable Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who will have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years on 30 June 2015 and 12 October 2015 respectively, to continue to act as Independent Non-Executive Directors of the Company in accordance with Recommendation 3.3 of the MCCG 2012 and to hold office until the conclusion of the next AGM of the Company.

The profiles of the above mentioned Directors are set out in the Directors' Profile on pages 7 to 8 of this Annual Report. The details of their shareholdings in the Company are set out in the Directors' Shareholdings which appears on page 194 of this Annual Report.

#### (b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

The Proposed Resolution 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time-to-time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

#### (c) Proposed Renewal of Share Buy-Back Authority

The Proposed Resolution 9, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

#### (d) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act

The Ordinary Resolution proposed under Resolution 10 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 16th AGM held on 20 June 2014 and which will lapse at the conclusion of the 17th AGM to be held on 28 May 2015.

#### (e) Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company

The Proposed Resolution 11 on adoption of a new set of Memorandum and Articles of Association is to streamline the Company's Memorandum and Articles of Association to be aligned with the new and/or amended provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other prevailing statutory and regulatory requirements and/or other applicable rules and guidelines which have been revised.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 6, 7 and 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 6 May 2015 which is despatched together with the Company's 2014 Annual Report.

\*Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)

Fold here

**STAMP**

The Secretary  
**MAA GROUP BERHAD**  
Suite 12.03, 12<sup>th</sup> Floor  
No. 566, Jalan Ipoh  
51200 Kuala Lumpur

Fold here

**NOTICE**

**There will be no distribution of door gifts**



**MAA GROUP BERHAD**

(471403-A)

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

Tel: 03-6256 8000 Fax: 03-6251 0373

[www.maa.my](http://www.maa.my)