Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

Contents

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Company for the financial year ended 30 November 2014.

PRINCIPAL ACTIVITIES

The Company is engaged principally in managing Family Takaful including investment-linked Takaful business.

There has been no significant change in the principal activity during the financial year.

RESULTS

	RM'000
Loss for the financial year	(8,363)

DIVIDEND

No dividend was paid or declared by the Company since the date of incorporation and the Directors do not recommend any dividend for the current financial year.

CHANGE IN SHARE CAPITAL

In conjunction with the significant event disclosed in Note 31 of the financial statements, the Company has increased it authorised share capital from 100 million ordinary shares of RM1.00 each to 133 million ordinary shares of RM1.00 each and issued 33,333,333 new ordinary shares of RM1.00 each, at an issue price of RM1.00 per share to GHCB as purchase consideration for the business transfer.

RESERVE AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

PROVISION FOR OUTSTANDING CLAIMS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for incurred claims, including incurred but not reported ('IBNR') claims.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from Takaful contracts in the ordinary course of business of the Company.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than the transfer of business from Green Health Certification Berhad ("GHCB", formerly known as AIA AFG Takaful Bhd.) to AIA PUBLIC Takaful Bhd. ("AIA PUBLIC") as disclosed in Note 31 to the financial statements.

There has not arisen in the internal between the end of the financial yearand the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

CHANGES IN THE COMPOSITION OF THE COMPANY

On 13 March 2014, the company issued 33,333,333 new ordinary shares of RM1 each at an issue price of RM1.00 each ordinary shares to GHCB to satisfy the Family takaful business transfer from GHCB to the Company, pursuant to the order of High Court of Malaya in Kuala Lumpur dated 25 February 2014. The transfer of assets and liabilities (with the exception of the excluded assets and liabilities ("the Scheme") was vested and assumed by the Company on 1 March 2014, the date from which the Scheme became effective as provided in the Order. At the date of the Statement of Financial Position, the shareholders consisting of AIA Group (via Orange Policy Sdn. Bhd. and GHCB), Public Bank Berhad and Public Islamic Bank Berhad hold equity participation of 70%, 15% and 15% respectively in the Company.

SIGNIFICANT EVENTS

On 5 June 2013, an application was submitted to Bank Negara Malaysia for approval to transfer the assets, liabilities and business of GHCB to the Company as a going concern of AIAB to achieve single takaful operator license with a 70% shareholding, subject to regulatory approvals required for the Scheme of Transfer and fulfillment of necessary court order.

Pursuant to the order of High Court of Malaya in Kuala Lumpur dated 25 February 2014 ("the Order") confirming the scheme of transfer of the Family takaful business of GHCB, GHCB transferred certain assets and liabilities as a going concern to the Company on 1 March 2014, the date on which the Scheme became effective as provided in the Order. Refer to Note 31 to the financial statements for details of the transfer.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who served office since the date of the last report and at the date of this report are:

Dato' Thomas Mun Lung Lee (Chairman)
Dato' Chang Kat Kiam
Abu Hassan Assari bin Ibrahim
Dato' Haji Abdul Aziz bin Dato' Dr. Omar
Dato' Majid bin Mohamad
Mohd Daruis bin Zainuddin
William Lisle

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTEREST

According to the Register of Directors' shareholdings, the interests of the Directors in the office at the end of the financial year in shares and options over shares in the Company's ultimate holding company during the financial year were as follows:-

	Number of ordinary shares of USD1.00 each			
	As at 1.12.2013	Bought	Sold	As at 30.11.2014
AIA Group Limited				
Direct interest:				
William Lisle	6,712	554,413	233,014	328,111

	Number of matching shares over ordinary shares of US$1.00 each under Employee Share Purchase Plan			
	As at 1.12.2013	Granted	Exercised	As at 30.11.2014
AIA Group Limited				
William Lisle	3,305	1,394	2,151	2,548

	Number of restricted share units over ordinary shares of USD1.00 each			
	As at 1.12.2013	Granted	Exercised	As at 30.11.2014
AIA Group Limited				
William Lisle	1,607,043	237,144	549,384	1,294,803

	Number of share options over ordinary shares of USD1.00 each			
	As at 1.12.2013	Granted	Exercised	As at 30.11.2014
AIA Group Limited				
William Lisle	2,247,115	407,671	754,859	1,899,927

Employee share purchase plan, restricted share units and share options are granted to certain employees, directors and officers of the Company under the Employee Share Purchase Plan, Restricted Share Unit Scheme and Share Option Scheme of AIA Group Limited.

ULTIMATE HOLDING COMPANIES

The Directors regard AIA Group Limited ("AIAGL"), a Corporation incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited as its ultimate holding company.

STATEMENT ON CORPORATE GOVERNANCE

The Company has taken concerted steps to ensure compliance with Bank Negara Malaysia's ("BNM") Guidelines on Directorship for Takaful Operators and Shariah Governance Framework for Islamic Financial Institutions.

(A) BOARD RESPONSIBILITIES AND OVERSIGHT

The Board of Directors ("the Board") is responsible for the overall governance of the Company and discharges this responsibility through compliance with the Islamic Financial Services Act 2013 ("the Act"), Guidelines on Directorship for Takaful Operators and Shariah Governance Framework for Islamic Financial Institutions issued by BNM and other directives, in addition to adopting other best practices on corporate governance.

The Board has an overall responsibility to lead the Company, including setting the strategic future direction, review viability of the corporate objective and overseeing the conduct and performance of business.

The Board comprises four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

The Board met six times during the financial year. All Directors in office at the end of the financial year complied with the 75% minimum attendance requirement at such meeting.

The number of meetings attended by each Director during the financial year are as follows:

	No. of attendance
Dato' Thomas Mun Lung Lee Chairman (Independent Non-Executive)	6/6
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	6/6
Abu Hassan Assari bin Ibrahim Member (Non-Independent Non-Executive)	5/6
Dato' Haji Abdul Aziz bin Dato' Dr. Omar Member (Independent Non-Executive)	5/6
Dato' Majid bin Mohamad Member (Independent Non-Executive)	6/6
Mohd Daruis bin Zainuddin Member (Independent Non-Executive)	6/6
William Lisle (appointed on 15 March 2013) Member (Executive Director)	6/6

To support sound corporate governance and processes, the Board formed various Board Committees namely Nominating Committee, Remuneration Committee, Risk Management Committee and Audit Committee ("the Committees") in accordance with the requirements of BNM's Guidelines on Directorship for Takaful Operators.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

The roles and members of the Committees are as provided below.

Nominating committee

Dato' Majid bin Mohamad	Chairman (Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	Member (Independent Non-Executive)
William Lisle	Member (Executive Director)

The objective of the Nominating Committee ("NC") is to establish a documented, formal and transparent procedure for the appointment of Directors, Chief Executive Officer ("CEO"), key senior officers ("KSOs") and Shariah Committee members and to assess the effectiveness of individual Directors, the Board as a whole (including various committees of the Board), CEO, KSOs and Shariah Committee members on an on-going basis.

The principal duties and responsibilities of NC are:

(a) establishing minimum requirements for the Board, the CEO and Shariah Committee members to perform their responsibilities effectively. It is also responsible for overseeing the overall composition of the Board in terms of the appropriate size and mix of skills, the balance between executive, non-executive and independent Directors, and other core competencies required;

(b) recommending and assessing the nominees for Directorship, the Directors to fill Board Committees, as well as nominees for the CEO and Shariah Committee members position. This includes assessing Directors, the CEO and Shariah Committee members proposed for reappointment before an application for approval is submitted to BNM;

(c) establishing a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO and Shariah Committee members. The assessments should also include ascertaining that the Director is not disqualified under the relevant law and fulfill the 'fit and proper' criteria;

(d) recommending to the Board the removal of a Director or CEO or Shariah Committee member if he is ineffective, errant or negligent in discharging his responsibilities;

(e) ensuring that all Directors undergo appropriate induction programmes and receive continuous training; and

(f) overseeing the appointment, management succession planning and performance evaluation of KSOs, and recommending to the Board the removal of KSOs if they are ineffective, errant and negligent in discharging their responsibilities.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Nominating committee (continued)

The number of meetings attended by each member of the NC are as follows:

	No. of attendance
Dato' Majid bin Mohamad Chairman (Independent Non-Executive)	3/3
Mohd Daruis bin Zainuddin Member (Independent Non-Executive)	3/3
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	2/3
Dato' Haji Abdul Aziz bin Dato' Dr. Omar Member (Independent Non-Executive)	3/3
William Lisle	2/3

Member (Non-Independent Non-Executive)

Remuneration committee

The Remuneration Committee ("RC") comprises three members as follows:

Dato' Majid bin Mohamad	Chairman (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)
William Lisle	Member (Executive Director)

The objective of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO, KSOs and Shariah Committee members and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

The principal duties and responsibilities of RC are:

(a) recommending a framework for the remuneration of Directors, the CEO, KSOs and Shariah Committee members. The remuneration policy should:

- be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;
- reflect the experience and level of responsibility borne by individual Directors, the CEO, KSOs and Shariah Committee members;
- be sufficient to attract and retain Directors, CEO, KSOs and Shariah Committee members of calibre needed to manage the Company successfully; and
- be balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages and should not create incentives for irresponsible behaviour or insider excesses.

(b) recommending specific remuneration packages for Directors, CEO, KSOs and Shariah Committee members. The remuneration packages should:

- be based on objective considerations and approved by the full Board;
- take due consideration of the assessments of the Nominating Committee of the effectiveness and contribution of the Directors, CEO, KSOs or Shariah Committee members concerned;
- not be decided by the exercise of sole discretion by any one individual or restricted group of individuals; and
- be competitive and consistent with the Company's culture, objectives and strategy.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

During the financial year, the RC held three meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the RC is as follows:

	No. of attendance
Dato' Majid bin Mohamad Chairman (Independent Non-Executive)	3/3
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	3/3
William Lisle Member (Executive Director)	3/3

Risk Management Committee

The Risk Management Committee ("RMC") comprises three members as follows:

Chairman:

Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)
Dato' Majid bin Mohamad	Member (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)

The objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

The principal duties and responsibilities of RMC are:

(a) reviewing and recommending risk management strategies, policies and risk tolerance levels for the Board's approval;

(b) reviewing and assessing the adequacy of the risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;

(c) ensuring that adequate infrastructure, resources and systems are in place for effective risk management; e.g. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk taking activities; and

(d) reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.responsibilities;

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Risk Management Committee (continued)

During the financial year, the RMC held four meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the RMC are as follows:

	No. of attendance
Mohd Daruis bin Zainuddin Chairman (Independent Non-Executive)	4/4
Dato' Majid bin Mohamad Member (Independent Non-Executive)	4/4
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	4/4

Audit Committee

The Audit Committee ("AC") comprises three members as follows:

Dato' Haji Abdul Aziz bin Dato' Dr. Omar	Chairman (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)

The primary objective of the AC is to ensure the integrity and transparency of the financial reporting process.

The principal duties and responsibilities of AC are:

(a) ensuring that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives;

(b) reviewing and concurring the annual audit plan, audit charter and annual budget of the internal audit department and the appointment of the external auditors;

(c) ensuring that internal audit staff have free and unrestricted access to the Company's records, assets, personnel or processes relevant to and within the scope of the audits;

(d) reviewing various relationships between the external auditors and the Company or any other entity that may impair or appear to impair the external auditors' judgement or independence in respect of the Company;

(e) reviewing with the external auditors that appropriate audit plans are in place and the scope of the audit plans reflect the terms of the engagement letter;the audits;

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Audit Committee (continued)

(f) reviewing with the external auditors the financial statements, audit reports, including obligation reports to BNM and discuss the findings and issues arising from the external audit;

(g) ensuring that management's remediation efforts with respect to all findings and recommendations are resolved effectively and in a timely manner;

(h) approving the provision of non-audit services by the external auditors and ensuring that the level of provision of non-audit services is compatible with maintaining auditor independence;

(i) reviewing the Chairman's statement, interim financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report;

(j) reviewing any related party transactions and conflicts of interest situations that may arise including any transaction, procedure or conduct that raises questions of management integrity;

(k) ensuring that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes; and

(l) submitting to BNM annually, a summary of material concerns/weaknesses in the internal control environment of the Company noted during the financial year and the corresponding measures taken to address those weaknesses.

The AC has the authority to investigate any matter within its terms of reference and has unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Company.

During the financial year, the AC held five meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the AC are as follows:

	No. of attendance
Dato' Haji Abdul Aziz bin Dato' Dr. Omar Chairman (Independent Non-Executive)	5/5
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	4/5
Mohd Daruis bin Zainuddin Member (Independent Non-Executive)	5/5

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employee and formal performance appraisal is done annually. Information is effectively communicated to the relevant employee within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company has, in any circumstances, conflict of interest referred to in Sections 67 of the Act.

The Management meets all prescriptive requirements under this section, and has already adopted best practices in the areas of organisational structure and allocation of responsibilities, conflicts of interest, goal setting and the area of communication.

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on agreed terms as specified under BNM's Guidelines on Related-Party Transactions for Takaful Operators. Related parties transactions and balances have been disclosed in the financial statements in compliance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

(D) INTERNAL CONTROLS AND OPERATIONAL RISKS MANAGEMENT

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company through designated management functions and internal controls, which includes the setting of operational risk limits for all core activities. The Company has established internal controls which cover all levels of personnel that is capable of recognising and continually assessing material risks, including underwriting risk, reinsurance risk, investment risk, operational and legal risk, that could affect its performance and financial condition.

Continuous review and assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures corrective action where necessary, is taken on a timely manner.

(E) INTERNAL AUDIT

The internal audit function is provided by Group Internal Audit ("GIA"), which reports directly to the Company's Audit Committee and also to the ultimate holding company, AIAGL's Audit Committee..

The main function of GIA includes assessment of effectiveness and adequacy of internal controls, which includes an independent examination of controls and ensure corrective actions, where necessary, are taken in a timely manner.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(F) PUBLIC ACCOUNTABILITY

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. The Company meets all prescriptive and best practice requirements under this section relating to unfair practices.

(G) FINANCIAL REPORTING

The Board has the overall responsibilities to ensure that accounting records are properly kept and that the Company's financial statements are prepared in accordance with MFRS, IFRS and comply with the provisions of the Companies Act, 1965. The Company meets all prescriptive requirements under this section relating to proper records, annual reports, public disclosure and statutory reporting. In addition, the Company also meets the best practice requirements relating to management reporting, where the key performance indicators are reported on a monthly basis.

(H) AUDIT COMMITTEE

The Company's financial reporting and internal control system are overseen by the Audit Committee, which comprises two Independent Non-Executive Directors. The Audit Committee's role is to provide a direct link between the Board and the internal and external audit functions of the Company. The business covered by the Audit Committee is governed by a charter approved by the Board, which includes the review of financial information provided to shareholders and BNM to ensure compliance with the Act, BNM's guidelines, the Companies Act, 1965 and other regulations.

AUDITORS

Messrs PricewaterhouseCoopers have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors passed on 23 February 2015.

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR
DIRECTOR

DATO' THOMAS MUN LUNG LEE
DIRECTOR

Kuala Lumpur, Malaysia

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Thomas Mun Lung Lee and Dato' Haji Abdul Aziz bin Dato' Dr. Omar, two of the Directors of AIA PUBLIC Takaful Bhd., state that, in the opinion of the Directors, the accompanying financial statements set out on pages 21 to 128 are drawn up so as to show a true and fair view of the state of affair of the Company as at 30 November 2014 and of the results and cash flows of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors passed on 23 February 2015.

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR
DIRECTOR

DATO' THOMAS MUN LUNG LEE
DIRECTOR

Kuala Lumpur, Malaysia

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mohd Raizal Mohd Rais, the officer primarily responsible for the financial management of AIA PUBLIC Takaful Bhd., do solemnly and sincerely declare that the financial statements for the financial year ended 30 November 2014 set out on pages 21 to 128 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

MOHD RAIZAL MOHD RAIS

Subscribed and solemnly declared by the abovenamed Mohd Raizal Mohd Rais at Kuala Lumpur in the Federal Territory on 23 February 2015

Before me,

PESURUHJAYA SUMPAH
W607
GURDEEP SINGH
A/L JAG SINGH
MALAYSIA

COMMISSIONER FOR OATHS

5B, JALAN RAKYAT
(JALAN TRAVERS)
BRICKFIELDS
50470 KUALA LUMPUR

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Most Beneficient, the Most Merciful

SHARIAH COMMITTEE MEMBERS

The Shariah Committee Members who served office since the date of the last report and at the date of this report as well as the number of meetings attended by each Shariah Committee member during the financial year are as follows:

Name of Shariah Committee Members		No. of attendance
Emeritus Prof. Dato' Paduka Dr. Mahmood Zuhdi Haji Ab. Majid	Chairman	9/9
Assistant Prof. Dr. Abdul Bari Awang	Member	9/9
Assistant Prof. Dr. Mohd Afandi Awang Hamat	Member	9/9
Mohd Ridzuan Awang	Member	9/9
Associate Prof. Datin Dr. Rusnah Muhamad	Member	9/9

SHARIAH COMMITTEE'S REPORT

In compliance with the letter of appointment, we are required to report as follows:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Company during the financial year ended 30 November 2014. We have also conducted our review to form an opinion as to whether the Company has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as decisions made by us.

The Management of the Company is responsible for ensuring that the Company conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Company, and to report to you.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the Company.

We planned and performed our review so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated the Shariah principles.

SHARIAH COMMITTEE'S REPORT (CONTINUED)

In our opinion:

1. The product structure and contracts offered by the Company during the financial year ended 30 November 2014 that we have reviewed are in compliance with the Shariah principles;

2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;

3. The sharing of surplus arising from the Participants' Risk Fund (i.e. Tabarru' fund) conforms with the respective internal policies that had been approved by us; and

4. The provision of loan from the Shareholders' Fund to certain Participants' Risk Fund to cover the deficit is in accordance with the principle of *al-qard al-hassan*.

5. We also took note that pursuant to a business transfer scheme, the Takaful business of Green Health Certification Berhad (Company No.: 924363-W)(formerly known as AIA AFG Takaful Bhd.) had been transferred to the Company effective 1 March 2014 and we had no objection to the same from Shariah perspective.

We, the members of the Shariah Committee of AIA PUBLIC Takaful Bhd. do hereby confirm that the operations of the Company for the financial year ended 30 November 2014 have been conducted in conformity with the Shariah principles.

EMERITUS PROF. DATO' PADUKA DR. MAHMOOD ZUHDI HAJI AB. MAJID
Chairman
Shariah Committee

MOHD RIDZUAN AWANG
Member
Shariah Committee

Kuala Lumpur, Malaysia

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)
(Company No. 935955-M)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AIA Public Takaful Bhd. on pages 21 to 128 which comprise the statement of financial position as at 30 November 2014 of the Company, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 2 to 32.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA PUBLIC TAKAFUL BHD. (CONTINUED)
(Incorporated in Malaysia)
(Company No. 935955-M)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 November 2014 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

JAYARAJAN A/L U. RATHINASAMY
(No. 2059/06/16 (J))
Chartered Accountant

Kuala Lumpur
23 February 2015

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Note	Shareholders' fund 2014 RM'000	Family takaful fund 2014 RM'000	Company 2014 RM'000	Shareholders' fund 2013 RM'000	Family takaful fund 2013 RM'000	Company 2013 RM'000
Gross earned contributions	3(a)	-	198,693	198,693	-	87,063	87,063
Contributions ceded to retakaful	3(b)	-	(6,810)	(6,810)	-	(2,312)	(2,312)
Net earned contributions		-	191,883	191,883	-	84,751	84,751
Investment income	4	3,085	7,729	10,814	2,822	2,480	5,302
Fees and commission income	5	62,348	60	60	20,391	-	-
Surplus sharing from Family Takaful funds		2,450	-	-	308	-	-
Fair value gains and losses	6	5	3,736	3,741	-	30	30
Other operating income		1,475	-	1,475	106	146	146
Total revenue		69,363	203,408	207,973	23,627	87,407	90,229
Gross benefits and claims paid		-	(84,347)	(84,347)	-	(30,806)	(30,806)
Claims ceded to retakaful operator			6,237	6,237		2,341	2,341
Gross change to certificate liabilities		-	(58,099)	(58,099)	-	(41,641)	(41,641)
Change in takaful contract liabilities ceded to retakaful operator		-	-	-	-	854	854
Net benefits and claims		-	(136,209)	(136,209)	-	(69,252)	(69,252)

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

	Note	2014 Shareholders' fund RM'000	2014 Family takaful fund RM'000	2014 Company RM'000	2013 Shareholders' fund RM'000	2013 Family takaful fund RM'000	2013 Company RM'000
Fees and commission expenses	5	(32,281)	(62,348)	(32,281)	(8,237)	(20,391)	(8,237)
Surplus attributable to Takaful operator		-	(2,450)	-	-	(308)	-
Management expenses	7	(50,121)	-	(50,121)	(18,261)	-	(18,261)
Other operating expenses		-	(1,468)	(1,468)	(8)	(112)	(14)
Change to expense liability		3,839	-	3,839	2,090	-	2,090
Other expenses		(78,563)	(66,266)	(80,031)	(24,416)	(20,811)	(24,422)
(Loss) / profit before taxation		(9,200)	933	(8,267)	(789)	(2,656)	(3,445)
Tax expense attributable to participant		-	(96)	(96)	-	(61)	(61)
(Loss) / profit before taxation attributable to Shareholders		(9,200)	837	(8,363)	(789)	(2,717)	(3,506)
Taxation	8	-	(96)	(96)	-	(61)	(61)
Tax expense attributable to Participants		-	96	96	-	61	61
Tax expense attributable to Shareholders		-	-	-	-	-	-
Net (loss) / profit for the year/period		(9,200)	837	(8,363)	(789)	(2,717)	(3,506)
Loss per share (sen)							
Basic and diluted	22	-	-	(6.69)	-	-	(3.51)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Note	2014 Shareholders' fund RM'000	2014 Family takaful fund RM'000	2014 Company RM'000	2013 Shareholders' fund RM'000	2013 Family takaful fund RM'000	2013 Company RM'000
Net (loss) / profit for the year/period		(9,200)	837	(8,363)	(789)	(2,717)	(3,506)
Other comprehensive income / (loss):							
Items that may be subsequently reclassified to profit or loss							
Fair value change of available-for-sale financial assets, net of tax		41	(223)	(182)	(1,205)	(913)	(2,118)
Change in Takaful contract liabilities arising from unrealised net fair value changes	17	(5)	(154)	(159)	-	663	663
Other comprehensive income / (loss) for the year/period		36	(377)	(341)	(1,205)	(250)	(1,455)
Total comprehensive (loss) / income for the year/period		(9,164)	460	(8,704)	(1,994)	(2,967)	(4,961)

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2014

	Note	2014 Shareholders' fund RM'000	2014 Family takaful fund RM'000	2014 Company RM'000	2013 Shareholders' fund RM'000	2013 Family takaful fund RM'000	2013 Company RM'000
ASSETS							
Property and equipment	10	1,357	-	1,357	1,361	-	1,361
Intangible assets	11	2,136	-	2,136	3,787	-	3,787
Financial Assets - available-for-sale	12	68,503	45,107	113,610	75,764	49,628	125,392
Financial Assets - fair value through profit or loss	12	-	178,297	178,297	-	39,555	39,555
Loan and receivables	14	-	50,830	50,830	9,015	3,912	12,927
Qard receivable		2,843	-	-	3,932	-	-
Other receivables	15	53,228	5,015	20,183	4,947	41	197
Retakaful assets	17		2,442	2,442		854	854
Takaful certificates receivables	16	-	35,086	35,086	-	21,900	21,900
Deferred tax assets		-	41	41	-	-	-
Cash and bank balances		1,521	26,611	28,132	1,360	3,312	4,672
Total assets		129,588	343,429	432,114	100,166	119,202	210,645
EQUITY							
Share capital	21	133,333	-	133,333	100,000	-	100,000
General reserves	31	(33,333)	-	(33,333)	-	-	-
Accumulated losses		(25,288)	(2,843)	(28,131)	(16,086)	(3,682)	(19,768)
Available-for-sale fair value reserves		(1)	(627)	(628)	(37)	(250)	(287)
Total equity		74,711	(3,470)	71,241	83,877	(3,932)	79,945

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2014 (CONTINUED)

	Note	2014 Shareholders' fund RM'000	2014 Family takaful fund RM'000	2014 Company RM'000	2013 Shareholders' fund RM'000	2013 Family takaful fund RM'000	2013 Company RM'000
LIABILITIES							
Expense liabilities		9,834	-	9,834	7,358	-	7,358
Takaful contract liabilities	17	-	289,941	289,941	-	106,593	106,593
Takaful certificates payables	18	-	5,854	5,854	-	4,774	4,774
Deferred tax liabilities	19	-	-	-	-	38	38
Qard payable		-	2,843	-	-	3,932	
Other payables	20	45,111	47,828	54,879	8,931	7,764	11,904
Taxation		(68)	433	365	-	33	33
Total liabilities		54,877	346,899	360,873	16,289	123,134	130,700
Total equity and liabilities		129,588	343,429	432,114	100,166	119,202	210,645

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Share capital RM'000	General reserves RM'000	Non-distributable availale-for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 December 2013	100,000	-	(287)	(19,768)	79,945
Issuance of 33,333,333 new ordinary shares of RM1 each at an issue price of RM1.00 each ordinary shares	33,333	-	-	-	33,333
Reserves arising from business transfer (Note 31)	-	(33,333)	-	-	(33,333)
Total comprehensive (loss) for the financial year	-	-	(341)	(8,363)	(8,704)
At 30 November 2014	133,333	(33,333)	(628)	(28,131)	71,241

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

	Share capital RM'000	General reserves RM'000	Non-distributable availale-for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 December 2013 previously reported	100,000	-	1,168	(15,297)	85,871
Prior year adjustment	-	-	-	(965)	(965)
At 1 January 2013 restated	100,000	-	1,168	(16,262)	84,906
Total comprehensive (loss) for the financial year	-	-	(1,455)	(3,506)	(4,961)
At 30 November 2013	100,000	-	(287)	(19,768)	79,945

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Note	2014 RM'000	2013 RM'000
Cash flows from operating activities			
Loss before taxation for the financial period/year		(8,267)	(3,445)
Adjustments for:			
Depreciation of property, plant and equipment		646	537
Amortisation of intangible assets		1,784	1,536
Net accretion of discounts on investments		159	128
Profit Income		(10,175)	(5,338)
Dividend Income		(798)	(92)
Fair value gain on FVTPL financial assets		(3,741)	(30)
Operating (loss)/profit before working capital changes		(20,392)	(6,704)
(Increase)/Decrease in loans and receivables		(37,785)	7,703
(Increase)/Decrease in other receivables		(15,024)	31
Increase in takaful certificates receivables		(13,186)	(19,519)
Increase in net takaful contract liabilities		60,295	40,787
(Decrease)/Increase in takaful certificates payables		(648)	1,660
Increase/(Decrease) in other payables		23,087	(1,713)
(Increase)/Decrease in expenses liabilities		2,476	(2,090)
Increase in financial assets		(18,292)	(30,398)
Cash generated from operating activities		(19,469)	(10,243)
Income tax paid		(284)	-
Profit income received		8,798	5,435
Dividend received		745	92
Net cash used in operating activities		(10,210)	(4,716)
Cash flow from investing activities			
Purchase of property and equipment		(642)	(24)
Purchase of intangible assets		(133)	(894)
Cash arising from business transfer (Note 31)		34,445	-
Net cash generated from / (used) in investing activities		33,670	(918)

Company No.

935955	M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

	Note	2014 RM'000	2013 RM'000
Net increase/(decrease) in cash and cash equivalents		23,460	(5,634)
Cash and cash equivalents at the beginning of year/period		4,672	10,306
Cash and cash equivalents at the end of year/period		28,132	4,672
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholders' fund		1,521	1,360
Family takaful fund		26,611	3,312
Company		28,132	4,672

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

1 CORPORATE INFORMATION

The Company is principally engaged in managing family takaful business including investment linked business. There has been no significant change in the principal activity during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of principal place of business and registered office of the Company are as follows:

Principal place of business
Level 14, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

Registered office
Level 29, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

The ultimate holding company of the Company is AIA Group Limited, a Corporation incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2015

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical basis, except as disclosed in the accounting policies.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4.

The Company has adopted all MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretations which have become mandatory since the beginning of the financial period, except for those which have been issued but are not yet effective as disclosed below.

(a) Standards, amendments to published standards and interpretations that are effective

The following standards have been adopted by the Company for the first time for the financial period beginning on or after 1 January 2013:

On 1 December 2013, the Company adopted the following accounting standards amendments and Interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB"):

MFRSs	Effective date
MFRS 10 Consolidated financial statements	1 January 2013
MFRS 11 Joint Arrangement	1 January 2013
MFRS 12 Disclosure of interests in other entities	1 January 2013
MFRS 13 Fair value measurement	1 January 2013
Revised MFRS 127 Separate financial statements	1 January 2013
Revised MFRS 128 Investment in associates and joint ventures	1 January 2013

Amendments to MFRS	Effective date
MFRS 119 Employee Benefits	1 January 2013
MFRS 7 Financial Instruments: Disclosures	1 January 2013
MFRS 10, 11 and 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

Improvements to MFRS

Amendments to MFRS 101, Annual Improvements 2009 – 2011 1 January 2013
Amendments to MFRS 116, Cycle
Amendments to MFRS 132,
Amendments to MFRS 134,
Amendments to MFRS 1
Improvements to IC
Interpretations ("IC INT")
Amendments to IC INT 2, Annual Improvements 2009 – 2011
Cycle 1 January 2013

Amendments to MFRS 7, 'Financial Instruments: Disclosures' required more extensive disclosures focusing on quantitative information about recognized financial instrumentsthat are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

MFRS 10, 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

MFRS 13, 'Fair value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7. 'Financial Instruments: Disclosure', but apply to all assets and liabilities measured at fair value, not just financial ones.

The adoption of the above revised standards, amendments and interpretations issued by MASB did not have any significant effect on the financial performance or position of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

There were no material changes to the Company's accounting policies other than enhanced disclosures to the financial statements.

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

The Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 December 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

- Amendments to MFRS 10, MFRS 12 and MFRS 127 (effective from 1 January 2014) introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

- IC Interpretation 21, 'Levies' (effective from 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

(ii) Financial year beginning on/after 1 January 2018

- MFRS 9, 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2018) MFRS 9 retains but simplifies the mixed measurement model in MFRS139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

- MFRS 9, 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' (effective no earlier than annual periods beginning on or after 1 January 2018) (continued)

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

  There is now a new expected credit losses model on impairment for certain financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Company is reviewing the adoption of the above accounting standards, amendments to published standards and interpretation to existing standards and will complete the process prior to the reporting requirement deadline. The Company has not finalized any impact on the financial statements of the adoption of the above accounting standards.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Shareholder fund and its Takaful fund

The Company's financial statements reflects the financial position and results of the Shareholder's fund ("SHF") and Takaful fund presented as a single economic entity for the respective financial period/years disclosed. Interfund balances and transactions are eliminated in arriving at the Company's financial statements.

The inclusion of separate financial information of the Takaful fund and the SHF together with the financial information of the Company as a whole in the statement of financial position, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information presented in accordance with the requirements of Bank Negara Malaysia Guideline BNM/RH/GL 004-06: Guidelines on Financial Reporting for SHF to separate assets, liabilities, income and expenses of the Takaful fund from its own. The accounting policies adopted for the SHF and Takaful funds are uniform for like transactions and events in similar circumstances.

2.3 Summary of significant accounting policies

(a) Property and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred. The cost of major renovations is included in work in progress and will be transferred once it is complete when it is probable that future economic benefits in excess of the original assessed standard of performance of the existing asset will flow to the Company.

The residual values, useful life and depreciation method are reviewed and adjusted, if applicable, at each date of the Statement of Financial Position. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts.

The gain and loss on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss of the respective funds.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, as summarised as follows:

Furniture and fittings and office equipment	20%
Motor vehicles	25%
Computer equipment	25%
Renovation	20%

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(b) Impairment of Non-Financial Assets

Property, plant and equipment and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price and value in use. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to profit or loss. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss of the respective funds immediately.

(c) Financial Instruments

The Company classifies its financial assets into financial assets at fair value through profit or loss ("FVTPL"), loans and other receivables ("LAR") and available-for-sale financial assets ("AFS"). The classification depends on the purpose for which the financial assets were acquired or originated. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

The significant accounting policies by the categories above are as follow:

FVTPL

- financial assets designated at fair value through profit or loss; and
- financial assets held for trading, including derivatives not designated as hedges.

The Company designates financial assets at FVTPL if this eliminates a measurement inconsistency or if the related assets and liabilities are actively managed on a fair value basis, including:

- financial assets held to back Investment-linked contracts and Family Takaful fund; and

- other financial assets managed on a fair value basis; consisting of the Company's equity portfolio and investments held by the Company's Investment-linked funds.

Financial assets at FVTPL are initially recorded at fair value. Subsequent to initial recognition, financial assets at FVTPL are re-measured at fair value. Fair value adjustments and realised gain and losses on de-recognition are recognised in profit or loss of the respective funds. Transaction costs in respect of financial assets at FVTPL are expensed as they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(c) Financial Instruments (continued)

FVTPL (continued)

The Company designates financial assets at FVTPL if this eliminates a measurement inconsistency or if the related assets and liabilities are actively managed on a fair value basis, including:

- financial assets held to back Investment-linked contracts and Family Takaful fund; and
- other financial assets managed on a fair value basis; consisting of the Company's equity portfolio and investments held by the Company's Investment-linked funds.

Financial assets at FVTPL are initially recorded at fair value. Subsequent to initial recognition, financial assets at FVTPL are re-measured at fair value. Fair value adjustments and realised gain and losses on de-recognition are recognised in profit or loss of the respective funds. Transaction costs in respect of financial assets at FVTPL are expensed as they are incurred.

Dividend income from equity instruments designated at fair value through profit or loss is recognised as investment income in profit or loss of the respective funds, generally when the security becomes ex-dividend or the right to receive payment is established. Investment income is recognised in profit or loss using effective profit method.

LAR

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those the Company intends to sell in the short term or that it has designated as FVTPL. They are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective profit rate method less any impairment losses.

Profit income from loans and receivables is recognised in profit or loss of the respective funds using the effective profit rate method. Gains and losses are recognised in profit or loss of respective funds when the investments are derecognised or impaired, as well as through the amortisation process.

Unrealised gains and losses on securities classified as AFS are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences on monetary available for sale investments, such as debt securities, and impairment of AFS financial assets are recognised in profit or loss of the respective funds.

Changes in the fair value of securities classified as AFS, except for impairment losses and relevant foreign exchange gains and losses, are recorded in a separate fair value reserve within equity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(c) Financial Instruments (continued)

AFS

Financial assets, other than those at FVTPL and LAR are classified as AFS.

AFS category is used where the relevant investments backing shareholders' equity are not managed on a fair value basis. These principally consist of the Company's debt securities (other than those backing Family Takaful funds and Investment-linked contracts) and seed money in Investment-linked funds. AFS financial assets are initially recognised at fair value plus attributable transaction costs. For AFS debt securities, the difference between their cost and par value is amortised. AFS financial assets are subsequently measured at fair value.

Profit income from debt securities classified as AFS is recognised in profit or loss of the respective funds using the effective interest method.

Unrealised gains and losses on securities classified as AFS are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences on monetary available for sale investments, such as debt securities, and impairment of AFS financial assets are recognised in profit or loss of the respective funds.

Changes in the fair value of securities classified as AFS, except for impairment losses and relevant foreign exchange gains and losses, are recorded in a separate fair value reserve within equity.

On derecognition, the cumulative fair value gains and losses previously reported in equity are transferred to profit or loss of the respective funds.

Financial Liabilities

All financial liabilities initially recorded at fair value. Subsequent to initial recognition, financial liabilities are carried at amortised cost using effective profit rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Fair value of Financial Instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Company has access. The fair values of financial instruments traded in active markets (such as financial instruments at FVTPL and AFS) are based on quoted market prices at the date of the Statement of Financial Position. The quoted market price used for financial assets held by the Company is the current bid price. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions at the date of each Statement of Financial Position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the Statement of Financial Position.

The fair value of investments in unit and real estate investment trusts is determined by reference to published bid prices.

For financial assets where an active market may not exist, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another asset which is substantially the same, discounted cash flow analysis and / or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar asset. Certain financial assets are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and / or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Fair value of Financial Instruments (continued)

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

If the fair value of a financial asset cannot be measured reliably, the asset is measured at cost, being the fair value of the consideration paid for the acquisition of the asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset.

(e) Impairment of Financial Instruments

General

Financial assets are assessed for impairment on a regular basis. A financial asset is impaired if its carrying value exceeds the estimated recoverable amount and there is objective evidence of impairment to the financial asset. The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data, including market prices, indicating that there is a potential decrease in the estimated future cash flows since the initial recognition of those assets, including
  - adverse changes in the payment status of issuers
  - national or local economic conditions that correlate with increased default risk.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(e) Impairment of Financial Instruments (continued)

General

- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data, including market prices, indicating that there is a potential decrease in the estimated future cash flows since the initial recognition of those assets, including:
  - adverse changes in the payment status of issuers
  - national or local economic conditions that correlate with increased default risk.

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

Financial Assets Carried at Amortised Cost

For assets carried at amortised cost, impairment is considered to have taken place if it is probable that the Company will not be able to collect principal and/or profit due according to the contractual terms of the instrument. When impairment is determined to have occurred, the carrying amount is decreased through a charge to profit or loss of the respective funds. The carrying amount of mortgage loans or receivables is reduced through the use of an allowance account, and the amount of any allowance is recognised as an impairment loss in profit or loss of the respective fund.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(e) Impairment of Financial Instruments (continued)

Financial Assets Carried at Amortised Cost continued

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss of the respective funds, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognised in shareholders' equity and there is objective evidence that the financial asset is impaired, the cumulative loss already recognised directly in shareholders' equity is recognised in current period profit or loss of the SHF. The Company generally considers an AFS debt security for evidence of impairment when it is identified as credit impaired. In the absence of any other evidence of credit impairment, a debt security would be assessed for impairment when there is a significant decline in fair value.

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

Where, following the recognition of an impairment loss in respect of an AFS debt security, the financial asset suffers further falls in value, such further falls are recognised as an impairment only in the case when objective evidence exists of a further impairment event to which the losses can be attributed.

(f) Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(g) Equity Instruments

Ordinary Share Capital

Issued capital represents the nominal value of shares issued plus any share contribution received from the issue of share capital, if any. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue.

Dividends on Ordinary Share Capital

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the date of Statement of Financial Position. A dividend proposed or declared after the date of Statement Financial Position, but before the financial statements are authorised for issue, is not recognised as a liability at the date of Statement of Financial Position but as an appropriation from retained earnings to a "proposed dividend reserve". Upon the dividend becoming payable, it will be accounted for as a liability.

(h) Product Classification

Takaful contracts are those contracts that transfer significant Takaful risk. These contracts may also transfer financial risk. Significant Takaful risk is defined as the possibility of paying significantly more in a scenario where the Takaful event occurs than in a scenario in which it does not. Scenarios considered are those with commercial substance.

Investment contracts are those contracts without significant Takaful risk.

Once a contract has been classified as an Takaful or investment contract no reclassification is subsequently performed, unless the terms of the agreement are later amended.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(h) Product Classification (continued)

Certain contracts has discretionary participating features ("DPF") which are distinct from other Takaful and investment contracts as the Company has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Customers may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or surplus sharing:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Company; and
- that are contractually based on:
    - the performance of a specified pool of contracts or a specified type of contract;
    - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
    - the Income Statement of the Company, fund or other entity that issues the contract.

Surpluses in the DPF fund are distributable to participants and the Company in accordance with the relevant terms under the Takaful contracts. The Company has the discretion over the amount and timing of the distribution of these surpluses to participants, subject to the advice of the Company's Appointed Actuary. All DPF liabilities, at the end of the reporting period are held within Takaful contract liabilities.

(i) Family takaful contracts

The Family Takaful fund is maintained in accordance with the requirements of Islamic Financial Services Act, 2013 ("IFSA") and includes the amount attributable to participants which represents the participants' share of the returns on the investments of the Family Takaful in accordance with the terms and conditions prescribed in the contracts and approved by the Shariah Committee of the Company.

Surplus distributable to the Company and participants is determined after retakaful, benefits paid and payable, expenses, provision, reserves and withholding tax. The surplus is distributed to the Company and participants in accordance with the terms and conditions prescribed in the contracts.

Any actuarial deficit in the Family Takaful risk fund will be made good by the SHF via a benevolent loan or Qard. Actuarial deficit arising during the financial period/year is reported as loss in the separate financial statements of Family Takaful fund and the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Gross contribution

Contribution is recognised as soon as the amount of the contribution can be reliably measured in accordance with the principles of Shariah as advised by the Shariah Committee.

At the end of the financial period, all due contributions are accounted for to the extent that they can be reliably measured.

Contribution income of the Investment-linked Takaful business is in respect of the net creation of units which represents contributions paid by participants as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

Management Expenses, Commission Expenses and Wakalah Fees

Acquisition costs, commissions and management expenses are borne by the Family Takaful fund in profit or loss of the Family Takaful fund at an agreed percentage of the gross contribution, in accordance with the principles of Wakalah as approved by the Company's Shariah Committee and agreed between the participants and the Company. These expenses are allocated to the SHF via wakalah fee and recognised as income by the SHF upon issuance of certificates.

At each reporting date, the Company estimates its net future expense cash flow required on the maintenance of the Family Takaful fund in accordance with the Guidelines On Valuation Basis for Liability of Family Takaful issued by BNM . If the estimate shows that there is deficiency in the net future expense cash flow, the deficiency is immediately charged to profit or loss of the SHF with a corresponding credit to a provision of expense liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Benefits, Claims and Expenses

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

Benefits and claims arising on Family Takaful contracts, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under Family Takaful contracts are recognised as follows:

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

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

(iii) benefit payable under Investment-linked business include net cancellation of units are recognised as surrender; and

(iv) share of surplus on Family Takaful risk upon its declaration.

Family Takaful Contracts Liabilities

Family Takaful contract liabilities comprise (i) claims liabilities, (ii) actuarial liabilities, (iii) net asset value attributable to participants, and (iv) unallocated surplus.

(i) Claims liabilities

Claims liabilities represent the amounts payable under a Family Takaful contract in respect of claims including settlement costs, are accounted for using the case-by-case method as set out above under benefits and claims.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Family Takaful Contracts Liabilities (continued)

(ii) Actuarial liabilities

Actuarial liabilities are recognised when contracts are entered into and contributions are charged.

Actuarial liabilities as determined by the annual actuarial valuation are based on the Guidelines on Valuation Basis for Liabilities of Family Takaful Business issued by BNM pursuant to the IFSA.

Actuarial liabilities are valued, where appropriate by using a prospective actuarial valuation based on the sum of the present value of future gross benefits, less the present value of future gross tabarru arising from the policy discounted at the appropriate risk discount rate plus unearned tabarru.

The expected future cash flows are determined using best estimate assumptions after taking into account of all future contractual cash flows and investment returns net of tax from assets backing such liabilities. An appropriate allowance for provision of risk margin adverse deviation from expected experience is provided for in the valuation.

The actuarial liabilities are derecognised when the Takaful contract expires, is discharged or is cancelled.

Adjustment to the actuarial liabilities at each reporting date are recorded in profit or loss of Takaful fund.

The liability adequacy test has been in-built in the valuation of actuarial liabilities and hence no separate assessment is to be carried out.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Family Takaful Contracts Liabilities (continued)

(iii) Net asset value attributable to participants

Net asset value represents contribution received and investment surplus credited to the policy less deduction for mortality and morbility cost and expenses charges. The net asset value attributable to participants of Investment-linked policy is equal to the net asset value of the Investment-linked funds.case-by-case method as set out above under benefits, claims and expenses.

(iv) AFS Fair Value adjustment

Where unrealized gain or losses arise on AFS financial assets of the Family Takaful fund, the adjustment to the Takaful contract liabilities equal to the effect that the realization of those gains or losses at the end of the reporting period would have on those liabilities is recognized directly in the other comprehensive income.

(v) Unallocated surplus

Unallocated surplus represents undistributable underwriting surplus set aside in accordance with the terms of the contract while accumulated deficits represent underwriting loss which will be made good by Shareholders' Fund via Qard.

(j) Retakaful contracts

The Company cedes takaful risk in the normal course of business, with retentions varying by line of business. The cost of retakaful is accounted for over the life of the underlying retakaful contracts, using assumptions consistent with those used to account for such contracts.

Contributions ceded and claims recovered are recognised in the same accounting period as the original contract which the retakaful relates, and are presented on a gross basis in profit or loss of the Family Takaful Fund.

Fee income derived from retakaful operators in the course of retakaful are credited to profit or loss of Takaful fund in the financial year in which they are earned.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(j) Retakaful contracts (continued)

Retakaful assets consist of amounts receivable in respect of ceded Takaful liabilities. Amounts recoverable from retakaful operators are estimated in a manner consistent with the takaful's contract or investment contract liabilities or benefits paid and in accordance with the relevant retakaful contract.

To the extent that retakaful contracts principally carry financial risk (as opposed to Takaful risk), they are accounted for directly through the Statements of Financial Position and are not included in retakaful assets or liabilities. A deposit asset or liability is recognised, based on the consideration paid or received less any explicitly identified contributions or fees to be retained by the Takaful operator.

If a retakaful asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in profit or loss of the Takaful Fund. A retakaful asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the retakaful asset, that the Company may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Company will receive from the retakaful can be reliably measured.

(k) Takaful Receivables

Takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, Takaful receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that the Takaful receivable is impaired, the Company reduces the carrying amount of the Takaful receivable accordingly and recognises that impairment loss in profit or loss of the Takaful fund. The Company gathers the objective evidence that a Takaful receivable is impaired using the same process adopted for financial assets carried at amortised cost. These processes are described in Note 2.2(e).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(l) Other Financial Liabilities and Takaful Payables

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

(m) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each date of Statement of Financial Position and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hands, deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purpose. The Company classifies the cash flows for the purchase and disposal of investment in financial asset in its operating cash flows as the purchases are funded from the cash flows associated with the origination of Takaful contracts, net of the cash flows for payments of Takaful benefits and claims benefits.

(o) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(o) Employee Benefits

(ii) Post retirement benefit obligations

Defined Contribution Plans

As required by law, the Company make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss of the SHF as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(p) Foreign Currency

(i) Functional and Presentation Currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of Ringgit Malaysia (RM), which is the Company's functional and presentation currency.

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of respective funds.

Translation differences on non-monetary items carried at fair value are translated at the rates prevailing on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(q) Taxation

Income tax on profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the date of Statement of Financial Position.

In addition to paying tax on SHF's profit, Family Takaful business pay tax on policyholders'/ certificate holders' investment returns at a tax rate of 8%.

Deferred tax is provided for, using the liability method, on temporary differences at the date of Statement of Financial Position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of Statement of Financial Position. Deferred tax is recognised in profit or loss of the respective funds, except when it arises from a transaction which is recognised directly in equity.

(r) Other Revenue Recognition

Gains and losses on disposal of investments are arrived at after accounting for cost of investments and credited or charged to profit or loss of the respective funds. Cost is determined by specific identification.

(s) Measurement and impairment of Qard

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(s) Measurement and impairment of Qard (continued)

Qard is accounted for as receivable and payable in the financial information of the Shareholders' fund and Takaful fund respectively. Qard receivable is stated at cost and as of date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable in the near term. A write down is made if the carrying amount exceeds the recoverable amount, as set out in Note 2.3 on impairment of non-financial assets.

(t) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

On disposal of intangible assets, the difference between net proceeds and the carrying amount is recognised in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is charged to the profit or loss.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Software development in progress

Software development in progress are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, the asset is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use. During the period in which the asset is not yet in use, it is tested for impairment annually.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(t) Intangible assets (continued)

(ii) Computer software and licences

The useful lives of computer software and licenses are considered to be finite because computer software and licenses are susceptible to technological obsolescence.

The acquired computer software and licenses are amortised using the straight line method over their estimated useful lives not exceeding 4 years. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least at the end of each reporting period.

(u) Balances with related company

Balances with related companies are ststed at the amounts which these balances are due and expected to be settled

(v) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating leases - company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(w) Zakat

This represents an obligatory amount payable by the Company to comply with the principles of Shariah in accordance with the method as approved by the Shariah Committee.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgments made in applying accounting policies

Judgments made by management in the process of applying the Company's accounting policies are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes

Significant judgment is required in determining the income and deferred taxes applicable to the Company's business as a SHF. There are transactions and calculations for which the ultimate tax determination is subject to agreement with the tax authorities. The Company recognises tax liabilities on anticipated issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Actuarial liabilities of Family Takaful contracts

The estimation of the actuary liabilities of Family Takaful is made in accordance with the guidelines issued by BNM.

For SHF, the cash flow reserves for operator fund were set up using a discounted cash flow to ensure the present value of expected future expenses payable from SHF in managing the Family Takaful fund for the full contractual obligation of the Family Takaful contract can be covered by present value of expected future income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

(c) Key source of estimation uncertainty

Actuarial liabilities of Family Takaful contracts

For Family Takaful fund, the cash flow reserves were set up using a discounted cash flow method, with sufficient Provision of Risk Margin for Adverse Deviation ("PRAD"), to ensure that any future negative cash flow resulting from insufficiency of tabarru's charges to meet expected Family Takaful contract benefits are eliminated.

Uncertainty in accounting estimates for Shareholders' Fund expenses liabilities

The principal uncertainty in the Shareholders' Fund Takaful contract liabilities arises from the technical provisions which includes the unearned wakalah fees reserve and expenses liabilities of Family Takaful Fund.

The expense liabilities for Family business are estimated assuming that the block of in-force contracts are to be maintained on a 'going concern' basis. Under a 'going concern' scenario, the contracts so valued are taken as a particular sub-block of contracts and the maintenance expenses for which are valued to the point the last certificate goes off the books.

The maintenance expenses related to such contracts include the cost of functions that would normally associated with operation of the business on a 'going concern' basis.

The expense liabilities are calculated using adjusted parameters to provide sufficiency at the appropriate percentile of statistical variation that is higher than the best estimate values.

The expense liabilities are the present value of future maintenance expenses on the current in-force Family Takaful contracts and are further reduced by the present value of future Shareholders' Fund income realisable with reasonable certainty relating to those in-force Family Takaful contracts.

The present value of the future Shareholders' Fund income relates to future renewal wakalah fees, certificate fee and fund management charges of Investment Linked Participants' Account (PA).

3 NET EARNED CONTRIBUTIONS

Family takaful fund		01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 30.11.2013 RM'000
(a)	Gross contributions		
	Takaful contracts	198,645	86,917
	Retakaful contracts	48	146
		198,693	87,063
(b)	Contributions ceded		
	Takaful contracts	(6,810)	(2,312)
	Net earned contributions	191,883	84,751

4 INVESTMENT INCOME

01.12.2013 to 30.11.2014	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Financial assets-available-for-sales ("AFS"):			
Profit income	2,968	1,697	4,665
Net amortisation of premiums on investments	(91)	-	(91)
Financial assets - fair value through profit or loss ("FVTPL"):			
Profit income	8	4,340	4,348
Net amortisations of premiums on investments	-	(68)	(68)
Dividend income	-	798	798
Loans and receivables:			
Profit income	200	962	1,162
	3,085	7,729	10,814

4 INVESTMENT INCOME (CONTINUED)

01.01.2013 to 30.11.2013	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Financial assets-AFS:			
Profit income	2,621	1,655	4,276
Net amortisation of premiums on investments	(88)	(80)	(168)
Financial assets - fair value through profit or loss ("FVTPL"):			
Profit income	-	560	560
Net amortisations of premiums on investments	-	40	40
Dividend income	-	92	92
Loans and receivables:			
Profit income	289	213	502
	2,822	2,480	5,302

5 FEES AND COMMISSION INCOME/(EXPENSES)

01.12.2013 to 30.11.2014	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Fees and commission income			
Wakalah fees income	61,479	-	-
Certificate fees	869	-	-
Commission earned on retakaful contract	-	60	60
	62,348	60	60
Fees and commission expense			
Commission paid to agents	(32,281)	-	(32,281)
Wakalah fees expense	-	(61,479)	-
Certificate fees	-	(869)	-
	(32,281)	(62,348)	(32,281)

5 FEES AND COMMISSION INCOME/(EXPENSES) (CONTINUED)

01.01.2013 to 30.11.2013	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Fees and commission income			
Wakalah fees income	20,291	-	-
Certificate fees	100	-	-
	20,391	-	-
Fees and commission expense			
Commission paid to agents	(8,237)	-	(8,237)
Wakalah fees expense	-	(20,291)	-
Certificate fees	-	(100)	-
	(8,237)	(20,391)	(8,237)

6 FAIR VALUE GAINS

01.12.2013 to 30.11.2014	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
FVTPL – designated upon initial recognition			
- realised	5	1,160	1,165
- unrealised	-	2,576	2,576
	5	3,736	3,741
01.01.2013 to 30.11.2013			
FVTPL – designated upon initial recognition			
- realised	-	289	289
- unrealised	-	(259)	(259)
	-	30	30

7 MANAGEMENT EXPENSES

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 30.11.2013 RM'000
Shareholders' fund/Company		
Employee benefits expense (Note 7(a))	9,831	8,007
Directors' remuneration (Note 7(b))	401	222
Auditors' remuneration		
- statutory audit	248	216
Management fees	10,532	2,412
Office rental	791	460
Depreciation of property and equipment	646	537
Amortisation of intangible assets	1,784	1,536
Travelling expenses	531	390
Advertisement and promotion	1,232	74
Professional and legal fees	1,607	605
Market training expenses	185	49
Printing and stationeries	628	65
Repair and maintenance	128	340
Integration Cost	613	1,950
Marketing expenses	17,165	-
Other expenses	3,799	1,398
	50,121	18,261

(a) Employee benefits expense

Salaries, bonus and other related costs	8,634	6,834
Pension costs - EPF	1,197	1,173
	9,831	8,007

7 MANAGEMENT EXPENSES (CONTINUED)

(b) Directors' remuneration

The details of remuneration receivable by non-executive directors during the financial period are as follows:

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 30.11.2013 RM'000
Fees	360	154
Allowances	41	68
	401	222

The number of directors whose total remuneration during the financial period fall within the following band is analysed below:

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 30.11.2013 RM'000
Number of directors		
Non-executive directors		
RM50,001 - RM100,000	4	4

(c) Chief executive officer's remuneration

Salaries, bonus and other related costs	989	532
Pension costs - EPF	262	61
	1,251	593

8 TAXATION

01.12.2013 to 30.11.2014	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Tax expense:			
- current	-	134	134
- deferred (Note 19)	-	(38)	(38)
	-	96	96
01.01.2013 to 30.11.2013			
Tax expense:			
- current	-	33	33
- deferred (Note 19)	-	28	28
	-	61	61

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to the effective income tax rate of the Company is as follows:

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 30.11.2013 RM'000
Company		
Loss before taxation	(8,267)	(3,445)
Taxation at Malaysian statutory tax rate of 25%	(2,067)	(861)
Impact of tax expense on investment income attributable to participants	72	46
Expenses not deductible for tax purposes	-	-
Income not subject to tax	-	(7)
Deferred tax assets not recognised	2,091	883
Tax expense for the financial year/period	96	61

10 PROPERTY AND EQUIPMENT

	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Shareholders' fund/Company					
Cost					
At 1 December 2013	1,346	451	140	632	2,569
Additions	-	541	(0)	101	642
At 30 November 2014	1,346	992	140	733	3,211
Accumulated depreciation					
At 1 December 2013	798	145	93	172	1,208
Depreciation charge for the year	337	138	35	136	646
At 30 November 2014	1,135	283	128	308	1,854
Net carrying amount					
At 30 November 2014	211	709	12	425	1,357

10 PROPERTY AND EQUIPMENT (CONTINUED)

	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Shareholders' fund/Company					
Cost					
At 1 January 2013	1,340	450	140	615	2,545
Additions	6	1	-	17	24
At 30 November 2013	1,346	451	140	632	2,569
Accumulated depreciation					
At 1 January 2013	491	64	61	55	671
Depreciation charge for theperiod	307	81	32	117	537
At 30 November 2013	798	145	93	172	1,208
Net carrying amount					
At 30 November 2013	548	306	47	460	1,361

11 INTANGIBLE ASSETS

	Computer software and licenses RM'000
Shareholders' fund/Company	
Cost	
At 1 December 2013	6,919
Additions	133
At 30 November 2014	7,052
Accumulated amortisation	
At 1 December 2013	3,132
Amortisation charge for the financial year	1,784
At 30 November 2014	4,916
Net carrying amount	
At 30 November 2014	2,136
Cost	
At 1 January 2013	6,025
Additions	894
At 30 November 2013	6,919
Accumulated amortisation	
At 1 January 2013	1,596
Amortisation charge for the financial period	1,536
At 30 November 2013	3,132
Net carrying amount	
At 30 November 2013	3,787

12 FINANCIAL ASSETS

(a) The company's financial assets are as follows:

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Financial assets - available-for-sale (AFS):			
Government Investment Issues	55,283	35,132	90,415
Islamic bonds	12,861	9,697	22,558
Accrued profit	359	278	637
	68,503	45,107	113,610
Financial assets at FVTPL:			
Government investment issues	-	36,398	36,398
Islamic bonds	-	89,144	89,144
Shariah approved shares	-	49,750	49,750
Shariah approved unit trusts	-	1,535	1,535
Accrued profit	-	1,470	1,470
	-	178,297	178,297
30.11.2013			
Financial assets - available-for-sale (AFS):			
Government Investment Issues	75,497	38,558	114,055
Unquoted corporate Sukuks	-	10,770	10,770
Accrued Profit	267	300	567
	75,764	49,628	125,392
Financial assets at FVTPL:			
Government investment issues	-	18,889	18,889
Unquoted corporate Sukuks	-	16,852	16,852
Shariah approved shares	-	3,533	3,533
Accrued profit	-	281	281
	-	39,555	39,555

12 FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
AFS			
At 1 January 2013	77,302	53,246	130,548
Purchases	-	-	-
Disposals at amortised cost	-	(2,503)	(2,503)
Fair value losses recorded in:			
Other comprehensive income	(1,205)	(913)	(2,118)
Amortisation of premiums - net	(88)	(80)	(168)
Movement of investment income due and accrued	(245)	(122)	(367)
At 30 November 2013/ 1 December 2013	75,764	49,628	125,392
Purchases	27,545	-	27,545
Disposals at amortised cost	(34,848)	(4,723)	(39,571)
Fair value losses recorded in:			
Other comprehensive income	361	225	586
Amortisation of premiums - net	(411)	(92)	(503)
Movement of investment income due and accrued	92	69	161
At 30 November 2014	68,503	45,107	113,610

12 FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values (continued)

	Family Takaful fund/ Company RM'000
FVTPL	
At 1 January 2013	6,303
Purchases	41,435
Disposals at amortised cost	(8,245)
Fair value losses recorded in:	
Profit or loss	(259)
Accretion at discounts - net	40
Movement of investment income due and accrued	281
At 30 November 2013/1 December 2013	39,555
Purchases	61,136
Business transfer from Green Health Certification Berhad (formerly known as AIA AFG Takaful Berhad) (Note 31)	104,115
Disposals at amortised cost	(30,163)
Fair value gains recorded in:	
Profit or loss	2,477
Accretion at discounts - net	(12)
Movement of investment income due and accrued	1,189
At 30 November 2014	178,297

12 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy

The following table show financial investments recorded at fair value analysed by the different basis of fair value as follows:

	30.11.2014 RM'000	30.11.2013 RM'000
AFS		
SHF		
Valuation techniques – market observable inputs (Level 2)	68,503	75,764
	68,503	75,764
Family Takaful fund		
Valuation techniques – market observable inputs (Level 2)	45,107	49,628
	45,107	49,628
Company		
Valuation techniques – market observable inputs (Level 2)	113,610	125,392
	113,610	125,392
FVTPL		
Family Takaful fund / Company		
Quoted market price (Level 1)	49,750	3,533
Valuation techniques – market observable inputs (Level 2)	128,547	36,022
	178,297	39,555

12 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

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

Level 1:

Financial instruments measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted priceses are readily and regularly available from an exchange, secondary market via dealer and broker, pricing serving or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2:

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services. However, where prices have not been determined in active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models where majority of assumptions are market observable.

Level 3:

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

13 FINANCIAL ASSETS (CONTINUED)

Interests in structured entities

The Company has determined that the investment funds and structured securities, such as mortgage backed securities, mutual funds and real estate investment trust that the Company has interest are structured entities.

The following table summarises the Company's interest in unconsolidated structured entities as at 30 November 2014:

	Investment funds RM'000	Structured securities(1) RM'000
Available for sale debt securities	-	-
Debt securities at fair value through profit or loss	-	-
Equity securities at fair value through profit or loss	1,535	-
Total	1,535	-

Notes:
(1) Structured securities include mortgage-backed securities.
(2) Balance represents the Groups interests in mutual funds and real estate investment trusts.

The Company's maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income and interest income are received during the reporting period from these interests in unconsolidated structured entities.

In addition, the Company receives management fees and trustee fees in respect of providing trustee, management and administrative services to certain retirement scheme funds and investment funds. These funds are not held and the associated investment risks are not borne by the Company, the Company does not have exposure to loss in these funds.

14 LOAN AND RECEIVABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Loans and receivables:			
Islamic investment accounts	-	50,700	50,700
Accrued profit	-	130	130
	-	50,830	50,830
30.11.2013			
Loans and receivables:			
Islamic investment accounts	9,003	3,911	12,914
Accrued profit	12	1	13
	9,015	3,912	12,927

The weighted average effective profit rate of Islamic investment accounts as at the end of the financial period are as follows:

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Loans and receivables:			
Islamic investment accounts	-	3.47	3.47
30.11.2013			
Loans and receivables:			
Islamic investment accounts	3.03	2.93	2.98

15 OTHER RECEIVABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Due from Family Takaful fund (Note 20)	38,060	-	-
Other receivables and deposits	15,168	5,015	20,183
	53,228	5,015	20,183
30.11.2013			
Due from Family Takaful fund (Note 20)	4,791	-	-
Other receivables and deposits	156	41	197
	4,947	41	197

The carrying amounts approximate fair values due to the relatively short-term maturity of these balances.

16 TAKAFUL CERTIFICATES RECEIVABLES

	2014 RM'000	2013 RM'000
Family Takaful fund/Company		
Outstanding contribution	35,086	20,617
Amount due from retakaful operator	-	1,283
	35,086	21,900
Gross amount of recognized financial assets	35,086	22,239
Less: Gross amount of recognized financial liabilities set off in the statement of financial position	-	(339)
Net amount of financial assets presented in the statement of financial position	35,086	21,900

There are no financial liabilities subjected to an enforceable master netting arrangement or similar agreement financial instrument received as collateral, nor any cash collateral pledged or received as at 30 November 2014 (2013 : Nil).

17 TAKAFUL CONTRACT LIABILITIES

30.11.2014

Family Takaful fund/Company

	Gross RM'000	Retakaful RM'000	Net RM'000
Participants' Risk Fund			
Claims liabilities	8,492	(2,442)	6,050
Actuarial Liabilities	112,579	-	112,579
Net asset value attributable to certificate holders	135,642	-	135,642
AFS fair value adjustment	(451)	-	(451)
Underwriting profit attributable to participants	2,004	-	2,004
Unallocated surplus	31,675	-	31,675
	289,941	(2,442)	287,499

30.11.2013

	Gross RM'000	Retakaful RM'000	Net RM'000
Participants' Risk Fund			
Claims liabilities	3,009	(854)	2,155
Actuarial Liabilities	93,997	-	93,997
Net asset value attributable to certificate holders	6,375	-	6,375
AFS fair value adjustment	(605)	-	(605)
Underwriting profit attributable to participants	308	-	308
Unallocated surplus	3,509	-	3,509
	106,593	(854)	105,739

17 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

30.11.2014

Family Takaful fund/Company	Gross RM'000	Retakaful RM'000	Net RM'000
Movement of Takaful contract liabilities	-	-	-
At 1 December 2013	106,593	(854)	105,739
Business transfer from Green Health Certification Berhad (GHCB) (formerly known as AIA AFG Takaful Berhad) (Note 31)	123,053*	-	123,053*
Increase in claims liabilities	2,908	(1,588)	1,320
Policy movement	10,913	-	10,913
Increase in net asset value attributable to certificate holders	20,234	-	20,234
Increase in AFS fair value adjustment	154	-	154
Increase in underwriting profit distributable to participants	1,696	-	1,696
Unallocated surplus	24,390*	-	24,390*
At 30 November 2014	289,941	(2,442)	287,499

* The business transfer of RM123,053,000 from the GHCB inclusive of unallocated surplus amounting to RM3,776,000.

30.11.2013

Family Takaful fund/Company	Gross RM'000	Retakaful RM'000	Net RM'000
Movement of Takaful contract liabilities	-	-	-
At 1 January 2013	65,615	-	65,615
Increase in claims liabilities	2,123	(854)	1,269
Policy movement	36,314	-	36,314
Decrease in net asset value attributable to certificate holders	(613)	-	(613)
Decrease in AFS fair value adjustment	(663)	-	(663)
Increase in underwriting profit distributable to participants	308	-	308
Unallocated surplus	3,509	-	3,509
At 30 November 2013	106,593	(854)	105,739

18 TAKAFUL CERTIFICATES PAYABLES

	2014 Family takaful fund RM'000	2013 Family takaful fund RM'000
Amount due to retakaful	1,417	67
Amount due to participants	634	2,771
Deposit contribution	3,803	1,936
	5,854	4,774

19 DEFERRED TAX LIABILITIES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Deferred tax liabilities	-	-	-

Family Takaful fund/Company	Gross deferred tax liabilities - financial assets RM'000
At 1 December 2013	38
Recognised in:	
Profit and loss (Note 8)	(38)
At 30 November 2014	-

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2013			
Deferred tax liabilities	-	38	38

Family Takaful fund/Company	Gross deferred tax liabilities - financial assets RM'000
At 1 January 2013	10
Recognised in:	
Profit and loss (Note 8)	28
At 30 November 2013	38

19 DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Income statement:			
Unutilised business losses	18,217	-	18,217
	18,217	-	18,217
Statement of comprehensive income:			
Available-for-sale fair value reserve	(1)	-	(1)
Takaful contract liabilities			
Available-for-sale fair value reserve	-	(627)	(627)
	18,216	(627)	17,589
30.11.2013			
Income statement:			
Unutilised business losses	3,640	-	3,640
Unabsorbed capital allowances	-	4,861	4,861
	3,640	4,861	8,501
Statement of comprehensive income:			
Available-for-sale fair value reserve	(37)	-	(37)
Takaful contract liabilities			
Available-for-sale fair value reserve	-	605	605
	3,603	5,466	9,069

20 OTHER PAYABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Sundry payables	16,183	9,382	25,565
Accruals and provisions	6,466	46	6,512
Due to shareholders' fund (Note 15)	-	38,060	-
Due to fellow subsidiary	22,462	340	22,802
	45,111	47,828	54,879
30.11.2013			
Sundry payables	793	692	1,485
Accruals and provisions	3,609	-	3,609
Due to shareholders' fund (Note 15)	-	4,791	-
Due to fellow subsidiary	4,529	2,281	6,810
	8,931	7,764	11,904

21 SHARE CAPITAL

	30.11.2014		30.11.2013	
	No. of shares ('000)	Amount RM'000	No. of shares ('000)	Amount RM'000
Authorised:				
Ordinary shares of RM1 each at the beginning of financial year/period	100,000	100,000	100,000	100,000
Increased in ordinary shares of RM1 each during the financial year/period	100,000	100,000	-	-
Ordinary shares of RM1 each at the end of financial year/period	200,000	200,000	100,000	100,000
Issued and paid-up:				
Ordinary shares of RM1 each at the beginning of financial year/period	100,000	100,000	100,000	100,000
Issued during the financial year	33,333	33,333	-	-
Ordinary shares of RM1 each at the end of financial year/period	133,333	133,333	100,000	100,000

On 13 March 2014, the company issued 33,333,333 new ordinary shares of RM1 each at an issue price of RM1.00 each ordinary shares to Green Health Certification Berhad ("GHCB" formerly known as AIA AFG Takaful Bhd.) to satisfy the Family takaful business transfer from GHCB to the Company, pursuant to the order of High Court of Malaya in Kuala Lumpur dated 25 February 2014. The transfer of assets and liabilities (with the exception of the excluded assets and liabilities (the Scheme)) was vested and assumed by the Company on 1 March 2014, the date from which the Scheme became effective as provided in the Order. At the date of the Statement of Financial Position, the shareholding; AIA Group (via Orange Policy Sdn. Bhd. and GHCB), Public Bank Berhad and Public Islamic Bank Berhad hold equity participation of 70%, 15% and 15% respectively in the Company.

22 LOSS PER SHARE

	2014 RM'000	2013 RM'000
Loss attributable to Shareholders' fund	(8,363)	(3,506)
Weighted average number of shares in issue during the financial year/end	124,999	100,000
Basic loss per share (sen)	(6.69)	(3.51)

23 SEGMENTAL INFORMATION ON CASH FLOW

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2014			
Net cash flow generated from/(used in):			
Operating activities	936	(11,146)	(10,210)
Investing activities	(775)	34,445	33,670
	161	23,299	23,460
Net increase in cash and cash equivalents	161	23,299	23,460
At 1 December 2013	1,360	3,312	4,672
As 30 November 2014	1,521	26,611	28,132
30.11.2013			
Net cash flow (used in)/generated from:			
Operating activities	675	(5,391)	(4,716)
Investing activities	(918)	-	(918)
	(243)	(5,391)	(5,634)
Net increase in cash and cash equivalents	(243)	(5,391)	(5,634)
At 1 January 2013	1,603	8,703	10,306
As 30 November 2013	1,360	3,312	4,672

24 CAPITAL COMMITMENTS

The capital commitments of the Company as at the end of the financial year are as follows:

	2014 RM'000	2013 RM'000
Capital expenditure:		
Approved and contracted for:		
Intangible assets	1,600	-

25 OPERATING LEASE ARRANGEMENTS

The Company as lessee

The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities are as follows;

Future minimum lease rental payments:

	2014 RM'000	2013 RM'000
Shareholders' fund		
Rental of office premises:		
Not later than 1 year	102	193
Later than 1 year and not later than 5 years	-	102
	102	295

26 RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all Directors of the Company, and certain members of senior management of the Company.

(a) Related party transactions and balances

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during and at the end of the financial period/year:

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Significant transactions with related parties during the financial year/period:			
30.11.2014			
Expenses/(income):			
AIA Berhad (a fellow subsidiary)			
Outsourcing fees	7,681	-	7,681
Rental of office premises	533	-	533
AIA Health Services Sdn Bhd (a fellow subsidiary)			
Outsourcing fees	1,885	-	1,885
Claims paid on behalf	-	7,827	7,827
AIA Shared Services Sdn Bhd (a fellow subsidiary)			
Integration cost	462	-	462

26 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions and balances (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Public Islamic Bank Berhad			
(a fellow subsidiary)			
Fee and commission expenses	3,904	-	3,904
Public Mutual Berhad			
(a fellow subsidiary)			
Fee and commission expenses	3	-	3
30.11.2013			
Expenses/(income):			
AIA Bhd.			
(a fellow subsidiary)			
Outsourcing fees	1,393	-	1,393
Rental of office premises	129	-	129
AIA Health Services Sdn Bhd			
(a fellow subsidiary)			
Outsourcing fees	1,020	-	1,020
Claims paid on behalf	-	6,179	6,179
Green Health Certification Berhad			
(a fellow subsidiary)			
Integration costs	3,053	-	3,053
AIA Shared Services Sdn Bhd			
(a fellow subsidiary)			
Integration cost	144	-	144
Public Islamic Bank Berhad			
(a fellow subsidiary)			
Profit Income	(150)	-	(150)
Fee and commission expenses	5,177	-	5,177
Public Mutual Berhad			
(a fellow subsidiary)			
Fee and commission expenses	(2)	-	(2)

26 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions and balances (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Balances with related parties at financial year end:			
30.11.2014			
AIA Bhd.			
Amount due to a fellow subsidiary	(9,865)	-	(9,865)
AIA Health Services Sdn Bhd			
Amount due to a fellow subsidiary	(10,064)	-	(10,064)
Green Health Certification Berhad			
Amount due to a fellow subsidiary	1,598	-	1,598
AIA Shared Services Sdn Bhd			
Amount due to a fellow subsidiary	(16)	-	(16)
Public Islamic Bank Berhad (a fellow subsidiary)			
Cash and bank balances	193	-	193
Islamic investment accounts	-	9,086	9,086

26 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions and balances (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Balances with related parties at financial period end:			
30.11.2013			
AIA Bhd.			
Amount due to a fellow subsidiary	(1,332)	-	(1,332)
AIA Health Services Sdn Bhd			
Amount due to a fellow subsidiary	-	(2,281)	(2,281)
Green Health Certification Berhad			
Amount due to a fellow subsidiary	(3,053)	-	(3,053)
AIA Shared Services Sdn Bhd			
Amount due to a fellow subsidiary	(144)	-	(144)
Public Islamic Bank Berhad (a fellow subsidiary)			
Cash and bank balances	1,304	-	1,304
Islamic investment accounts	3,000	3,056	6,056

26 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 30.11.2013 RM'000
Non-executive directors' remuneration		
Fees (Note 7 (b))	360	154
Allowances (Note 7 (b))	41	68
Chief executive officer's remuneration (Note 7(c))	1,251	593
Other key management personnel:		
Salaries, bonus & other related cost	1,307	719
Pension costs – EPF	256	80
Allowances	72	39
	3,287	1,653

All directors, Chief Executive Officer and Senior Management Officers are collectively referred to as key management personnel.

27 RISK MANAGEMENT FRAMEWORK

(a) Risk management framework

The managed acceptance of risk is fundamental to the Company takaful business model. The Company's risk management framework seeks to effectively manage, rather than eliminate, the risks the Company faces. The risk management framework requires all operations to establish processes for identifying, evaluating and managing the key risks faced by the organisation. The risk management framework encompasses an established risk governance structure with clear oversight and assignment of responsibility for monitoring and management of financial, operational, strategic and shariah risks.

27 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital management

The Company actively manages its capital adequacy by taking into account the potential impact of business strategies on the company's risk profile and overall resilience.

This is in line with Bank Negara Malaysia's ("BNM") Risk- Based Capital Framework for Takaful Operators ("the RBCT Framework") which specifies elements of active management of capital adequacy covering:

(i) Determining an individual target capital level ("ITCL") that reflects the risk profile and risk management practices, which is set by conducting appropriate stress and scenario tests;
(ii) A capital management plan that takes into account its strategic business direction and changing business environment; and
(iii) Processes that monitor and ensure maintenance at all times of an appropriate level of capital that commensurate with its risk profile.

The Company sets an Individual Target Capital Level ("ITCL") that reflects the overall risk tolerance and risk appetite set by the Board, its own risk profile and risk management practices. The Company shall operate at capital levels above ITCL at all times. The ITCL provides a robust threshold in the management of capital adequacy, where a breach of this level would trigger timely responses by management to restore capital to the ITCL and heighten the Board scrutiny based on the Company's Capital Management Plan.

The results of the stress tests shall be considered when evaluating the appropriateness of capital thresholds and corrective actions with consideration of the particular stage of the business cycle in which the Company is operating, given the potential changes in the external environment that could affect the risk profile.

A Capital Management Plan has been established which list the thresholds that act as triggers for actions to ensure maintenance of appropriate capital levels at all times as well as the corresponding corrective action that are required for different scenarios and at each specified thresholds. The thresholds set and capture important capital levels such as Operating Capital Level ("OCL"), ITCL and Supervisory Target Capital Level ("STCL") together with the corresponding corrective actions that are triggered by each threshold.

27 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(c) Governance and regulatory framework

The Company is required to comply with the requirements of the relevant Regulations, laws and guidelines including those from Bank Negara Malaysia (BNM), Securities Commission and Malaysian Takaful Association ("MTA").

The Company has fully complied with the capital requirement prescribed by BNM during the reported financial year.

(d) Operational Risks

Operational risk is defined as the potential direct or indirect loss (including reputational loss) resulting from inadequate or failed internal processes, personnel and systems; or from external events. Consequences from such control inadequacies or failures may cause one or a combination of the following: financial loss, operational disruption, damage to reputation, risk to employees as well as legal and regulatory implications.
The Company performs operational risk management to manage operational risk via the process of:

(i) pro-actively identifying and monitoring operational risks via operational risk checklists, key risk indicators and risk event reporting;
(ii) ensuring transparency through a sustainable framework for assessing and measuring such risks; and
(iii) providing decision-making methodologies and tools for mitigating risk exposure and improving business processes.

A holistic risk governance and reporting structure has been established encompassing the Board, Management and operational functions, providing oversight of the operational risk management activities within the Company to ensure operational risk management policies and programmes are implemented appropriately, timely and consistently.

28 TAKAFUL RISKS

(a) Family Takaful Contracts

The Company considers takaful risk to be a combination of the following component risks:

- Product design risk;
- Pricing and underwriting risk;
- Lapse risk; and
- Claims volatility risk.

The Company manages its exposure to takaful risk across a spectrum of components. The Company have significant underwriting and actuarial resources and has implemented well-defined underwriting and actuarial guidelines and practices. The Company leverages on AIA Bhd.'s extensive experience combined with its own Takaful's specific experience which assists in the evaluation, pricing and underwriting of its products. AIA PUBLIC's Product Steering Committee ("PSC") and Management Risk Management Committee ("MRMC") play an important oversight role in relation to these takaful related risks, as discussed below. Takaful risk exposure is also considered when MRMC reviews the strategic asset allocation plan and asset-liability management strategies.

The table below sets out the concentration of family takaful certificates liabilities:

	Net RM'000
30.11.2014	
Family takaful fund	
Universal life risk fund	274
Ordinary life risk fund	14,857
Wadiah risk fund	209
Credit life dripped risk fund	3,554
Credit life non-dripped risk fund	98,698
Group employee business risk fund	26,848
Investment linked takaful fund	5,024
Unit-linked fund	48,316
Participant's investment fund	89,719
	287,499
30.11.2013	
Family takaful fund	
Mortgage takaful plan	78,029
Hire purchase takaful plan	4,800
Investment linked takaful fund	54
Group family takaful	11,114
	93,997

28 TAKAFUL RISKS (CONTINUED)

(a) Family Takaful contracts (continued)

Product design risk

Product design risk refers to potential defects in the development of a particular takaful product. Product development process is overseen by PSC and MRMC, which oversee the pricing guidelines set by AIA Group. The Company seeks to manage this risk by completing pre-launch reviews of each new product including product management, actuarial, legal and underwriting. The Company monitors closely the performance of new products and focus on actively managing each part of the actuarial control cycle to minimise risk in both in-force policies and new products.

Pricing and underwriting risk

Pricing and underwriting risk refer to the possibility of product related income being inadequate to support future obligations arising from a takaful product. The Company seeks to manage pricing and underwriting risk by adhering to its underwriting guidelines. The Company has a service of a team of professional underwriters who review and select risks consistent with our acceptable risk profile and underwriting strategy. In certain circumstances, such as when the Company enters new lines of business, products or markets and do not have sufficient experience data, it makes use of retakaful to obtain product pricing expertise. The use of retakaful subjects the Company to the risk that the retakaful operators become insolvent or fail to make any payment when due to the Company. The Company allows for an appropriate level of expenses in its product pricing that reflects a realistic medium to long term view of its cost structure. In daily operations, the Company adheres to a disciplined expense budgeting and management process that controls expenses within the product pricing allowances over the medium to long term.

Lapse and surrender rates

Lapse risk refers to the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced. It includes the potential financial loss incurred due to early termination of policies or contracts in circumstances where the acquisition costs incurred are no longer recoverable from future revenue. The Company carries out regular reviews of persistency experience and the results are assimilated into new and in-force product management.

28 TAKAFUL RISKS (CONTINUED)

(a) Family Takaful contracts (continued)

Claims volatility risk

Claims volatility risk refers to the possibility that the frequency or severity of claims arising from takaful products exceed the levels assumed when the products were priced. Firstly, the Company seeks to mitigate claims risk by conducting regular experience studies, including reviews of mortality and morbidity experience, reviewing internal and external data, and considering the impact of such information on retakaful needs, product design and pricing. Secondly, the Company mitigates this risk by adhering to the underwriting and claims management policies and procedures that have been developed based on its extensive historical experience. Thirdly, broad product offering and large in-force product portfolio also reduce the Company's exposure to concentration risk. Finally, the Company uses retakaful solutions to help reduce concentration risk.

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.

28 TAKAFUL RISKS (CONTINUED)

(b) Concentration of takaful certificates liabilities (continued)

Sensitivity analysis (continued)

	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000
30.11.2014			
Family takaful fund			
Mortality rates	+10%	4,601	4,601
	-10%	(4,238)	(4,238)
Lapse and surrender rates	+10%	729	729
	-10%	(785)	(785)
Discount rates	+100bps	(4,481)	(4,481)
	-100bps	5,050	5,050
31.12.2013			
Mortality rates	+10%	27	27
	-10%	-	-
Lapse and surrender rates	+10%	-	-
	-10%	-	-
Discount rates	+100bps	-	-
	-100bps	243	243

29 FINANCIAL RISKS

The Company is exposed to a range of financial risks, including credit risk, liquidity risk and market risk. The Company applies a consistent risk management philosophy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed.

Financial risks of investment-linked investment is not further provided and analysed as the financial risks in respect of investment-linked investments are generally wholly borne by the participants, and do not directly affect the profit before tax. Furthermore, investment-linked participants are responsible for allocation of their certificate values amongst investment options offered by the Company.

(a) Credit risk

Credit risk arises from the possibility of financial loss arising from default by borrowers and transactional counterparties and the decrease in the value of financial instruments due to deterioration in credit quality. The key areas where the Company is exposed to credit risk include repayment risk in respect of:

- cash and cash equivalents;
- investments in debt securities;
- loans and receivables (including takaful receivables); and
- retakaful receivables.

The Company only takes risks that it understands and can manage effectively. In credit risk management this means combining a detailed, bottom-up approach to market and credit analysis that considers individual counterparties with a portfolio approach focusing on sectors, countries and concentrations.

The Company manages credit risk consistent with the AIA Investment Philosophy and Risk Appetite, as endorsed by the Board and the Board Of Directors of AIA Group Limited.

With respect to investing activities, investment objectives including asset allocation limits and permitted variances from such limits ("Investment Guidelines") are approved by the Investment Committee ("IC") and Management Risk Management Committee ("MRMC").

The Group Investment (being the investment team in AIA Bhd. and in Group Office) manages the investment assets of AIA Group within the Investment Guidelines, utilizing a discipline consistent with an outsourced service provider.

Within Investment Guidelines, credit risk-based Risk Tolerances are set by the MRMC. Such tolerances are based on the AIA Group's internal credit ratings framework as approved by the AIA Group FRC (the "AIA Credit Ratings Framework").

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure

At the reporting date, the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial assets recognised in the statement of financial position as shown in the table below:

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
30.11.2014			
AFS Financial assets:			
Government investment issues	55,283	35,132	90,415
Unquoted corporate Sukuks	12,861	9,697	22,558
Income due and accrued	359	278	637
FVTPL financial assets:			
Government investment issues	-	36,398	36,398
Unquoted corporate Sukuks	-	89,144	89,144
Shariah approved shares	-	49,750	49,750
Shariah approved unit shares	-	1,535	1,535
Income due and accrued	-	1,470	1,470
Loan and receivables:			
Islamic investment accounts with licensed Islamic bank	-	50,700	50,700
Income due and accrued	-	130	130
Other receivables	53,228	5,015	20,183
Retakaful assets	-	2,442	2,442
Takaful certificates receivables	-	35,086	35,086
Cash and bank balance	1,521	26,611	28,132
	123,252	343,388	428,580

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure (continued)

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
30.11.2013			
AFS Financial assets:			
Government investment issues	75,497	38,558	114,055
Unquoted corporate Sukuks	-	10,770	10,770
Income due and accrued	267	300	567
FVTPL financial assets:			
Government investment issues	-	18,889	18,889
Unquoted corporate Sukuks	-	16,852	16,852
Shariah approved shares	-	3,533	3,533
Income due and accrued	-	281	281
Loan and receivables:			
Islamic investment accounts with licensed Islamic bank	9,003	3,911	12,914
Income due and accrued	12	1	13
Other receivables	4,947	41	197
Retakaful assets	-	854	854
Takaful certificates receivables	-	21,900	21,900
Cash and bank balance	1,360	3,312	4,672
	91,086	119,202	205,497

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Rating Agency of Malaysia and Malaysian Rating Corporation Berhad. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

	Neither past due nor impaired							
	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Investment-Linked RM'000	Total RM'000
30.11.2014								
Shareholders' fund								
AFS financial assets:								
Government investment issues	-	-	-	55,283	-	-	-	55,283
Unquoted corporate Sukuks	5,085	6,074	-	1,702	-	-	-	12,861
Income due and accrued	-	-	-	359	-	-	-	359
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	-	-	-	-	-	-	-	-
Income due and accrued	-	-	-	-	-	-	-	-
Other receivables	-	-	-	53,228	-	-	-	53,228
Cash and bank balances	1,521	-	-	-	-	-	-	1,521
	6,606	6,074	-	110,572	-	-	-	123,252

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	Neither past due nor impaired							
	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Investment-Linked RM'000	Total RM'000
30.11.2014 (continued)								
Family fund								
AFS financial assets:								
Government investment issues	-	-	-	35,132	-	-	-	35,132
Unquoted corporate Sukuks	4,712	4,985	-	-	-	-	-	9,697
Income due and accrued	44	53	-	181	-	-	-	278
FVTPL financial assets:								
Government investment issues	-	-	-	34,878	-	-	1,520	36,398
Unquoted corporate Sukuks	20,663	17,208	-	36,763	-	-	14,510	89,144
Shariah approved shares	-	-	-	-	21,871	-	27,879	49,750
Shariah approved unit trust	-	-	-	-	-	-	1,535	1,535
Income due and accrued	417	325	-	471	25	-	232	1,470
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	-	47,600	-	-	-	-	3100	50,700
Income due and accrued	-	119	-	-	-	-	11	130
Retakaful assets	-	2,442	-	-	-	-	-	2,442
Other receivables	-	-	-	3,188	-	-	1,827	5,015
Takaful certificates receivables	-	-	-	21,792	-	13,294	-	35,086
Cash and bank balances	25,870	-	-	-	-	-	741	26,611
	51,706	72,732	-	132,405	21,896	13,294	51,355	343,388

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	Neither past due nor impaired							
	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Investment-Linked RM'000	Total RM'000
30.11.2014 (continued)								
Company								
AFS financial assets:								
Government investment issues	-	-	-	90,415	-	-	-	90,415
Unquoted corporate Sukuks	9,797	11,059	-	1,702	-	-	-	22,558
Income due and accrued	44	53	-	540	-	-	-	637
FVTPL financial assets:								
Government investment issues	-	-	-	34,878	-	-	1,520	36,398
Unquoted corporate Sukuks	20,663	17,208	-	36,763	-	-	14,510	89,144
Shariah approved shares	-	-	-	-	21,871	-	27,879	49,750
Shariah approved unit trust	-	-	-	-	-	-	1,535	1,535
Income due and accrued	417	325	-	471	25	-	232	1,470
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	-	47,600	-	-	-	-	3100	50,700
Income due and accrued	-	119	-	-	-	-	11	130
Retakaful assets	-	2,442	-	-	-	-	-	2,442
Other receivables	-	-	-	18,356	-	-	1,827	20,183
Takaful certificates receivables	-	-	-	21,792	-	13,294	-	35,086
Cash and bank balances	27,391	-	-	-	-	-	741	28,132
	58,312	78,806	-	204,917	21,896	13,294	51,355	428,580

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	Neither past due nor impaired							
	AAA	AA	A	Not rated	Not subject to credit risk	Past-due but not impaired	Investment-Linked	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30.11.2013								
Shareholders' fund								
AFS financial assets:								
Government investment issues	-	-	-	75,497	-	-	-	75,497
Income due and accrued	-	-	-	267	-	-	-	267
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	7,553	1,450	-	-	-	-	-	9,003
Income due and accrued	11	1	-	-	-	-	-	12
Other receivables	-	-	-	4,947	-	-	-	4,947
Cash and bank balances	1,360	-	-	-	-	-	-	1,360
	8,924	1,451	-	80,711	-	-	-	91,086

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	Neither past due nor impaired							
	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Investment-Linked RM'000	Total RM'000
30.11.2013 (continued)								
Family fund								
AFS financial assets:								
Government investment issues	-	-	-	38,558	-	-	-	38,558
Unquoted corporate Sukuks	4,673	5,558	-	539	-	-	-	10,770
Income due and accrued	37	55	-	208	-	-	-	300
FVTPL financial assets:								
Government investment issues	-	-	-	18,889	-	-	-	18,889
Unquoted corporate Sukuks	5,814	1,003	-	7,543	-	-	2,492	16,852
Shariah approved shares	-	-	-	-	-	-	3,533	3,533
Income due and accrued	66	17	-	187	-	-	11	281
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	2,661	700	-	-	-	-	550	3,911
Income due and accrued	-	1	-	-	-	-	-	1
Retakaful assets	-	854	-	-	-	-	-	854
Other receivables	-	-	-	36	-	-	5	41
Takaful certificates receivables	-	-	1,283	7,761	-	12,856	-	21,900
Cash and bank balances	3,229	47	-	-	-	-	36	3,312
	16,480	8,235	1,283	73,721	-	12,856	6,627	119,202

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	Neither past due nor impaired							
	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Investment-Linked RM'000	Total RM'000
30.11.2013 (continued)								
Company								
AFS financial assets:								
Government investment issues	-	-	-	114,005	-	-	-	114,055
Unquoted corporate Sukuks	4,673	5,558	-	539	-	-	-	10,770
Income due and accrued	37	55	-	475	-	-	-	567
FVTPL financial assets:								
Government investment issues	-	-	-	18,889	-	-	-	18,889
Unquoted corporate Sukuks	5,814	1,003	-	7,543	-	-	2,492	16,852
Shariah approved shares	-	-	-	-	-	-	3,533	3,533
Income due and accrued	66	17	-	187	-	-	11	281
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	10,214	2,150	-	-	-	-	550	12,914
Income due and accrued	11	2	-	-	-	-	-	13
Retakaful assets	-	854	-	-	-	-	-	854
Other receivables	-	-	-	192	-	-	5	197
Takaful certificates receivables	-	-	1,283	7,761	-	12,856	-	21,900
Cash and bank balances	4,589	47	-	-	-	-	36	4,672
	25,404	9,686	1,283	149,641	-	12,856	6,627	205,497

29 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Where applicable, the Company performs secondary credit rating assessment and uses RAM or MARC rating methodology for the assessment. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business and products.

The Company has not provided the credit risk analysis for the financial assets of the unit-linked business where the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholders do not have direct exposure to any credit risk in those assets.

Age analysis of financial assets past-due but not impaired:

	61 to 90 days RM'000	91 to 180 days RM'000	181 to 365 days RM'000	365 days RM'000	Total RM'000
30.11.2014					
Family takaful fund					
Takaful certificates receivables	990	7,701	496	4,107	13,294
30.11.2013					
Family takaful fund					
Takaful certificates receivables	5,200	6,007	1,649	-	12,856

At the reporting date, all other financial assets are neither past-due nor impaired.

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet the payment obligations to counterparties when they become due. This can arise when internal funds are insufficient to meet cash outflow obligations and where the Company is unable to obtain funding at market rates or liquidate assets at fair value resulting in the forced liquidation of assets at depressed prices. The Company is exposed to liquidity risk in respect of takaful and investment certificates that permit surrender, withdrawal or other forms of early termination for cash surrender value specified in the contractual terms and conditions.

The Company's liquidity position is monitored in compliance with regulatory and internal requirements in combination with maturity gap analyses. To manage liquidity risk, the Company has implemented a variety of measures, including emphasising flexible takaful product design so that it can retain the greatest flexibility to adjust contract pricing or crediting rates.

The Company continually seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of takaful certificates issued. The Company constantly monitors its liquidity position to ensure that there is sufficient cash and short term money market instrument to meet normal operating needs to meet normal operating needs.

Investment-linked liabilities are repayable or transferable upon notice by participants and are disclosed separately under "Investment-linked" column. Liquidity risk of investment-linked liabilities is managed as part of the Group-wide established framework, process and procedures as detailed above. The Company constantly monitors the liquidity position of the respective funds and has in place several contingency sources of liquidity in order to minimise the impact of any liquidity risk, which includes but not limited to funding from the operating fund as well as catastrophe excess-of-loss retakaful cover.

The table below summarises the maturity profit of the financial assets and financial liabilities of the respective funds on remaining contractual obligation, including profit payable and receivable. For Takaful contracts liabilities, maturity profiles are determined based on estimated this of discounted net cashflow from the recognized net cashflow for the recognized takaful contracts liabilities.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2014	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
Shareholders' fund								
AFS financial assets:								
Government investment issues	55,283	-	30,633	33,761	-	-	-	64,394
Unquoted corporate Sukuks	12,861	-	269	17,227	-	-	-	17,496
Income due and accrued	359	359	-	-	-	-	-	359
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	-	-	-	-	-	-	-	-
Income due and accrued	-	-	-	-	-	-	-	-
Other receivables	53,228	53,228	-	-	-	-	-	53,228
Cash and bank balances	1,521	1,521	-	-	-	-	-	1,521
	123,252	55,108	30,902	50,988	-	-	-	136,998
Expense liabilities	9,834	-	3,600	749	5,485	-	-	9,834
Other payables	45,111	45,111	-	-	-	-	-	45,111
	54,945	45,111	3,600	749	5,485	-	-	54,945

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
30.11.2014 (continued)								
Family takaful fund								
AFS financial assets:								
Government investment issues	35,132	-	23,120	17,569	-	-	-	40,689
Unquoted corporate Sukuks	9,697	-	7,479	4,188	-	-	-	11,667
Income due and accrued	278	278	-	-	-	-	-	278
FVTPL financial assets:								
Government investment issues	36,398	-	11,671	31,330	-	-	1,012	44,013
Unquoted corporate Sukuks	89,144	-	8,624	55,936	56,716	-	19,546	140,822
Shariah approved shares	49,750	-	-	-	-	21,871	27,879	49,750
Shariah approved unit trusts	1,535	-	-	-	-	-	1,535	1,535
Income due and accrued	1,470	1,238	-	-	-	-	232	1,470
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	50,700	47,600	-	-	-	-	3,100	50,700
Income due and accrued	130	119	-	-	-	-	11	130
Other receivables	5,015	3,188	-	-	-	-	1,827	5,015
Retakaful assets	2,442	2,442	-	-	-	-	-	2,442
Takaful certificates receivables	35,086	35,086	-	-	-	-	-	35,086
Cash and bank balances	26,611	25,870	-	-	-	-	741	26,611
	343,388	115,821	50,894	109,023	56,716	21,871	55,883	410,208

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
30.11.2014 (continued)								
Family takaful fund								
Takaful contract liabilities	289,941	-	23,166	2,388	89,468	126,603	48,316	289,941
Takaful certificates payables	5,854	5,854	-	-	-	-	-	5,854
Other payables	47,828	44,884	-	-	-	-	2,944	47,828
	343,623	50,738	23,166	2,388	89,468	126,603	51,260	343,623
Company								
AFS financial assets:								
Government investment issues	90,415	-	53,753	51,330	-	-	-	105,083
Unquoted corporate Sukuks	22,558	-	7,748	21,415	-	-	-	29,163
Income due and accrued	637	637	-	-	-	-	-	637
FVTPL financial assets:								
Government investment issues	36,398	-	11,671	31,330	-	-	1,012	44,013
Unquoted corporate Sukuks	89,144	-	8,624	55,936	56,716	-	19,546	140,822
Shariah approved shares	49,750	-	-	-	-	21,871	27,879	49,750
Shariah approved unit trusts	1,535	-	-	-	-	-	1,535	1,535
Income due and accrued	1,470	1,238	-	-	-	-	232	1,470
	291,907	1,875	81,796	160,011	56,716	21,871	50,204	372,473

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
30.11.2014 (continued)								
Company (continued)								
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	50,700	47,600	-	-	-	-	3,100	50,700
Income due and accrued	130	119	-	-	-	-	11	130
Other receivables	20,183	18,356	-	-	-	-	1,827	20,183
Retakaful assets	2,442	2,442	-	-	-	-	-	2,442
Takaful certificates receivables	35,086	35,086	-	-	-	-	-	35,086
Cash and bank balances	28,132	27,391	-	-	-	-	741	28,132
	428,580	132,869	81,796	160,011	56,716	21,871	55,883	509,146
Expense liabilities	9,834	-	3,600	749	5,485	-	-	9,834
Takaful contract liabilities	289,941	-	23,166	2,388	89,468	126,603	48,316	289,941
Takaful certificates payables	5,854	5,854	-	-	-	-	-	5,854
Other payables	54,879	51,935	-	-	-	-	2,944	54,879
	360,508	57,789	26,766	3,137	94,953	126,603	51,260	360,508

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2013	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
Shareholders' fund								
AFS financial assets:								
Government investment issues	75,497	25,727	31,610	28,411	-	-	-	85,748
Income due and accrued	267	267	-	-	-	-	-	267
Loan and receivables:								
Islamic investment accounts With licensed Islamic bank	9,003	9,003	-	-	-	-	-	9,003
Income due and accrued	12	12	-	-	-	-	-	12
Other receivables and deposits	4,947	4,947	-	-	-	-	-	4,947
Cash and bank balances	1,360	1,360	-	-	-	-	-	1,360
	91,086	41,316	31,610	28,411	-	-	-	101,337
Expense liabilities	7,358	2,255	1,622	893	2,588	-	-	7,358
Other payables	8,931	8,931	-	-	-	-	-	8,931
	16,289	11,186	1,622	893	2,588	-	-	16,289

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2013 (continued)	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
Family takaful fund								
AFS financial assets:								
Government investment issues	38,558	1,544	26,298	18,315	-	-	-	46,157
Unquoted corporate Sukuks	10,770	508	6,117	6,645	-	-	-	13,270
Income due and accrued	300	300	-	-	-	-	-	300
FVTPL financial assets:								
Government investment issues	18,889	4,116	10,712	6,155	-	-	-	20,983
Unquoted corporate Sukuks	16,852	-	5,500	13,471	1,738	-	2,492	23,201
Shariah approved shares	3,533	-	-	-	-	-	3,533	3,533
Income due and accrued	281	270	-	-	-	-	11	281
Loan and receivables								
Islamic investment accounts with licensed Islamic bank	3,911	3,361	-	-	-	-	550	3,911
Income due and accrued	1	1	-	-	-	-	-	1
Retakaful assets	41	36	-	-	-	-	5	41
Other receivables and deposits	854	854	-	-	-	-	-	854
Takaful certificates receivables	21,900	21,900	-	-	-	-	-	21,900
Cash and bank balances	3,312	3,276	-	-	-	-	36	3,312
	119,202	36,166	48,627	44,586	1,738	-	6,627	137,744

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
30.11.2013 (continued)								
Family Takaful Fund								
Takaful contract liabilities	106,593	6,235	11,114	4,800	78,083	-	6,361	106,593
Takaful certificates payables	4,774	4,774	-	-	-	-	-	4,774
Other payables	7,764	7,764	-	-	-	-	-	7,764
	119,131	18,773	11,114	4,800	78,083	-	6,361	119,131
Company								
AFS financial assets:								
Government investment issues	114,055	27,271	57,908	46,726	-	-	-	131,905
Unquoted corporate Sukuks	10,770	508	6,117	6,645	-	-	-	13,270
Income due and accrued	567	567	-	-	-	-	-	567
FVTPL financial assets:								
Government investment issues	18,889	4,116	10,712	6,155	-	-	-	20,983
Unquoted corporate Sukuks	16,852	-	5,500	13,471	1,738	-	2,492	23,201
Shariah approved shares	3,533	-	-	-	-	-	3,533	3,533
Income due and accrued	281	270	-	-	-	-	11	281
	164,947	32,732	80,237	72,997	1,738	-	6,036	193,740

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 5 years RM'000	5 – 15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment Linked RM'000	Total RM'000
30.11.2013 (continued)								
Company (continued)								
Loan and receivables								
Islamic investment accounts with licensed Islamic bank	12,914	12,364	-	-	-	-	550	12,914
Income due and accrued	13	13	-	-	-	-	-	13
Retakaful assets	197	192	-	-	-	-	5	197
Other receivables and deposits	854	854	-	-	-	-	-	854
Takaful certificates receivables	21,900	21,900	-	-	-	-	-	21,900
Cash and bank balances	4,672	4,636	-	-	-	-	36	4,672
	205,497	72,691	80,237	72,997	1,738	-	6,627	234,290
Expense liabilities	7,358	2,255	1,622	893	2,588	-	-	7,358
Takaful contract liabilities	106,593	6,235	11,114	4,800	78,083	-	6,361	106,593
Takaful certificates payables	4,774	4,774	-	-	-	-	-	4,774
Other payables	11,904	11,904	-	-	-	-	-	11,904
	130,629	25,168	12,736	5,693	80,671	-	6,361	130,629

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets:

	30.11.2014		30.11.2013	
	Current* RM'000	Non-current RM'000	Current* RM'000	Non-current RM'000
Shareholders' fund				
Property and equipment	-	1,357	-	1,361
Intangible assets	-	2,136	-	3,787
AFS financial assets:				
Government investment issues	-	55,283	25,110	50,387
Unquoted corporate Sukuks	-	12,861	-	-
Income due and accrued	359	-	267	-
Loan and receivables				
Islamic investment accounts with licensed Islamic bank	-	-	9,003	-
Income due and accrued	-	-	12	-
Other receivables	53,228	-	4,947	-
Qard receivables	-	2,843	-	3,932
Cash and bank balances	1,521	-	1,360	-
	55,108	74,480	40,699	59,467

** expected utilisation or settlement within 12 months from the reporting date.*

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets:

	30.11.2014		30.11.2013	
	Current* RM'000	Non-current RM'000	Current* RM'000	Non-current RM'000
Family Takaful fund				
AFS financial assets:				
Government investment issues	-	35,132	1,506	37,052
Unquoted corporate Sukuks	-	9,697	502	10,268
Income due and accrued	278	-	300	-
FVTPL financial assets:				
Government investment issues	-	36,398	4,018	14,871
Unquoted corporate Sukuks	869	88,275	-	16,852
Shariah approved shares	-	49,750	-	3,533
Shariah approved unit trust fund	-	1,535	-	-
Income due and accrued	1,470	-	281	-
Loan and receivables:				
Islamic investment accounts with licensed Islamic bank	50,700	-	3,911	-
Income due and accrued	130	-	1	-
Other receivables	5,015	-	41	-
Retakaful assets	2,442	-	854	-
Takaful certificate receivables	35,086	-	21,900	-
Cash and bank balances	26,611	-	3,312	-
	122,601	220,787	36,626	82,576

** expected utilisation or settlement within 12 months from the reporting date.*

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets:

	30.11.2014		30.11.2013	
	Current* RM'000	Non-current RM'000	Current* RM'000	Non-current RM'000
Company				
Property and equipment	-	1,357	-	1,361
Intangible assets	-	2,136	-	3,787
AFS financial assets:				
Government investment issues	-	90,415	26,616	87,439
Unquoted corporate Sukuks	-	22,558	502	10,268
Income due and accrued	637	-	567	-
FVTPL financial assets:				
Government investment issues	-	36,398	4,018	14,871
Unquoted corporate Sukuks	869	88,275	-	16,852
Shariah approved shares	-	49,750	-	3,533
Shariah approved unit trust fund	-	1,535	-	-
Income due and accrued	1,470	-	281	-
Loan and receivables:				
Islamic investment accounts with licensed Islamic bank	50,700	-	12,914	-
Income due and accrued	130	-	13	-
Other receivables	20,183	-	197	-
Retakaful assets	2,442	-	854	-
Takaful certificate receivables	35,086	-	21,900	-
Cash and bank balances	28,132	-	4,672	-
	139,649	292,424	72,534	138,111

** expected utilisation or settlement within 12 months from the reporting date.*

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected settlement of liabilities:

	30.11.2014		30.11.2013	
	Current*	Non-current	Current*	Non-current
	RM'000	RM'000	RM'000	RM'000
Shareholders' fund				
Expense liabilities	-	9,834	2,255	5,103
Other payables	45,111	-	8,931	-
	45,111	9,834	11,186	5,103
Family Takaful fund				
Takaful contract liabilities	-	289,941	6,235	100,358
Takaful certificates payables	5,854	-	4,774	-
Other payables	47,828	-	7,764	-
Deferred tax liabilities	-	-	-	38
Qard payables	-	2,843	-	3,932
Current tax liabilities	-	433	-	33
	53,682	293,217	18,773	104,361

29 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected settlement of liabilities (continued):

	30.11.2014		30.11.2013	
	Current* RM'000	Non-current RM'000	Current* RM'000	Non-current RM'000
Company				
Expense liabilities	-	9,834	2,255	5,103
Takaful contract liabilities	-	289,941	6,235	100,358
Takaful certificates payables	5,854	-	4,774	-
Other payables	54,879	-	11,904	-
Deferred tax liabilities	-	-	-	38
Current tax liabilities	-	433	-	33
	60,733	300,208	25,168	105,532

** expected utilisation or settlement within 12 months from the reporting date.*

29 FINANCIAL RISKS (CONTINUED)

(c) Market risk

Market risk arises from the possibility of financial loss caused by changes in financial instruments' fair values or future cash flows due to fluctuations in key variables, including interest/profit rates, equity market prices, foreign exchange rates and real estate property market prices. The Company manages the risk of market-based fluctuations in the value of the Company's investments, as well as liabilities with exposure to market risk.

The Company uses various quantitative measures to assess market risk, including sensitivity analysis. The level of movements in market factors on which the sensitivity analysis is based were determined based on economic forecasts and historical experience of variations in these factors. The Company routinely conducts sensitivity analysis of its fixed income portfolios to estimate its exposure to movements in interest/profit rates. The Company's fixed income sensitivity analysis is primarily a duration-based approach.

Policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Company's risk management policy after taking cognizance of the regulatory requirements in respect of maintenance of assets and solvency.

29 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(i) Profit rate risk

Pofit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest/profit rate yield.

The Company's exposure to profit rate risk predominantly arises from the Company's duration gap between the liabilities and assets for interest/profit rate sensitive products, especially those providing profit rate guarantees.

The Company manages its profit rate risk by investing in financial instruments with tenors that match the duration of its liabilities as much as practicable and appropriate. The Company also considers the effect of profit rate risk in its overall product strategy.

For new products, the Company emphasises flexibility in product design and generally designs products to avoid excessive long-term profit rate guarantees.

29 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(i) Profit rate risk (continued)

Sensitivity analysis: (continued)

	Changes in basis points %	Effect on net income/ (loss) for the period RM'000	Effect on equity RM'000
30.11.2014			
Shareholders' fund			
Profit rates	+100 bps	-	1,082
	-100 bps	-	(1,049)
Family takaful fund			
Profit rates	+100 bps	-	4,827
	-100 bps	-	(4,559)
Company			
Profit rates	+100 bps	-	5,909
	-100 bps	-	(5,608)

29 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(i) Profit rate risk (continued)

Sensitivity analysis: (continued)

	Changes in basis points %	Effect on net income/ (loss) for the period RM'000	Effect on equity RM'000
30.11.2013			
Shareholders' fund			
Profit rates	+100 bps	-	(2,159)
	-100 bps	-	1,037
Family takaful fund			
Profit rates	+100 bps	(4,313)	-
	-100 bps	2,213	-
Company			
Profit rates	+100 bps	(4,313)	(2,159)
	-100 bps	2,213	1,037

29 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(ii) Equity price risk

Equity market price risk arises from changes in the market value of equity securities and equity funds. The investment in equity assets on a long-term basis is expected to provide diversification benefits and return enhancements which can improve the risk adjusted return of the portfolios.

The Company manages equity price risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regard also to such limits stipulated by BNM. The Company complies with BNM stipulated limits during the financial year and has no significant concentration risk.

29 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(a) STATEMENT OF INCOME AND EXPENDITURE

Sensitivity analysis:

Management's best estimate of the effect on the net income for the year and equity due to a reasonably possible change in the FTSE Bursa Malaysia KLCI Index ("FBMKLCI") with all other variables held constant is indicated in the table below:

	Changes in FBKLCI	Effect on net income/ (loss) for the period	Effect on equity
	%	RM'000	RM'000
30.11.2014			
Family Takaful fund/Company			
Market indices:			
FBMKLCI	+5%	1,866	-
FBMKLCI	-5%	(1,866)	-
30.11.2013			
Family Takaful fund/Company			
Market indices:			
FBMKLCI	+5%	132	-
FBMKLCI	-5%	(132)	-

30 INVESTMENT-LINKED TAKAFUL FUNDS

(a) Statement Of Income And Expenditure

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 31.11.2013 RM'000
Investment income	1,054	172
Net fair value gains	1,114	633
	2,168	805
Other operating expenses	(404)	(208)
Profit before taxation	1,764	597
Taxation	(96)	(61)
Profit after taxation	1,668	536
Undistributed income brought forward	659	123
Undistributed income carried forward	2,327	659

30 INVESTMENT-LINKED TAKAFUL FUNDS (continued)

(b) Statement Of Financial Position

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 31.11.2013 RM'000
ASSETS		
FVTPL financial assets:		
Government investment issues	1,520	-
Unquoted corporate Sukuks	14,510	2,492
Shariah approved shares	27,879	3,533
Shariah approved unit trust fund	1,535	-
Income due and accrued	232	11
Loan and receivables:		
Islamic investment accounts with licensed Islamic bank	3,100	550
Income due and accrued	11	-
Other receivables	1,827	5
Cash and bank balances	741	36
Total assets	51,355	6,627

30 INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)

(b) Statement Of Financial Position (continued)

	01.12.2013 to 30.11.2014 RM'000	01.01.2013 to 31.11.2013 RM'000
LIABILITIES		
Other payables	2,944	195
Deferred tax liabilities	-	38
Current tax liabilities	250	33
Total liabilities	3,194	266
Represented by:		
Net asset value of funds	48,161	6,361
Value of units	45,834	5,702
Undistributed income carried forward	2,327	659
Net asset value of funds	48,161	6,361

31 TAKAFUL BUSINESS TRANSFER FROM GREEN HEALTH CERTIFICATION BERHAD (FORMERLY KNOWN AS AIA AFG TAKAFUL BHD.) ("AATB") TO AIA PUBLIC TAKAFUL BHD. ("AIA PUBLIC")

Pursuant to the order of High Court to Malaya in Kuala Lumpur dated 25 February 2014 ("the Order") confirming the Scheme of transfer of the Family takaful business of the AATB. All assets and liabilities of AATB (with the exception of the excluded assets and liabilities ("the Scheme") were transferred to AIA PUBLIC for a purchase consideration equivalent to the embedded value of the Business, to be satisfied by the issuance of new ordinary shares in the share capital of AIA PUBLIC.

The Family takaful business transfer are satisfied by the issuance of 33,333,333 new ordinary shares of RM1 each at an issue price of RM1.00 each ordinary shares, amounted to RM33,333,333.

The carrying amounts of the assets and liabilities transferred to AIA PUBLIC on 25 February 2014 are as follows:

	Company RM'000
Assets	
Fair value through profit or loss financial assets	104,115
Tax recoverable	7
Sundry debtors and other receivables	6,550
Cash and cash equivalents	34,445
Total assets	145,117

31 TAKAFUL BUSINESS TRANSFER FROM GREEN HEALTH CERTIFICATION BERHAD (FORMERLY KNOWN AS AIA AFG TAKAFUL BHD.) ("AATB") TO AIA PUBLIC TAKAFUL BHD. ("AIA PUBLIC") (CONTINUED)

The carrying amounts of the assets and liabilities transferred to AIA PUBLIC on 25 February 2014 are as follows (continued):

	Company RM'000
Liabilities	
Takaful contract liabilities	123,053
Deferred tax liability	141
Current tax liability	307
Takaful payable	1,728
Interfund payable	10,449
Sundry creditors and other liabilities	9,439
Total liabilities	145,117
Carrying value from net assets transferred	-
Fair value of purchase consideration received	33,333
Reserves arising from business transfer	33,333

32 SHARIAH NON-COMPLIANCE RISK

Shariah Non-Compliance risk refers to possible failure to meet the obligation of Shariah principles. When controls fail to perform, Shariah non compliance risk can cause reputational and operational damage, have regulatory implications or can even lead to financial loss and finally, impediment from Allah's barakah or blessing. The Company expect to mitigate such risk by initiating, monitoring and responding to robust Shariah control framework. Controls include effective oversight of the Shariah Committee, supported by internal Shariah Department in all aspects of the Company's operations. Other relevant controls include implementation of Shariah Compliance Manual, staff awareness training and internal operating policies, processes and guidelines, including internal Shariah review and the use of internal and external audit.