

Company No.

790895	D
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AIA BHD.

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017**

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017**

CONTENTS

	PAGES
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION	1
UNAUDITED CONDENSED INCOME STATEMENTS	2 - 3
UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	4
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY	5 - 8
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS	9 - 11
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	12 - 58

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2017**

	Note	Group		Company	
		31.05.2017	30.11.2016	31.05.2017	30.11.2016
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment		472,222	478,827	472,187	478,748
Investment properties		378,300	378,300	378,300	378,300
Prepaid land lease payments		1,186	1,199	1,186	1,199
Intangible assets		89,100	81,653	89,025	81,427
Investment in subsidiaries		-	-	163,000	163,000
Investment in an associate		65,583	50,297	88	88
Available-for-sale financial assets	11	7,801,559	7,939,844	7,754,777	7,878,116
Fair value through profit or loss financial assets	12	35,176,219	33,368,348	35,176,219	33,368,348
Loan and receivables		4,985,874	4,862,926	4,954,437	4,839,000
Reinsurance assets	14	224,548	126,896	224,548	126,896
Insurance receivables		324,920	391,597	324,920	391,597
Cash and cash equivalents		681,761	691,018	648,157	672,882
Total assets		50,201,272	48,370,905	50,186,844	48,379,601
Equity and liabilities					
Share capital		767,438	767,438	767,438	767,438
Share premium		683,452	683,452	683,452	683,452
Retained earnings		2,666,920	3,312,334	2,708,912	3,352,770
Revaluation reserves		28,478	28,478	28,478	28,478
Available-for-sale fair value reserves		16,995	(57,703)	15,239	(58,860)
Total equity		4,163,283	4,733,999	4,203,519	4,773,278
Insurance contract liabilities	15	38,673,210	36,719,862	38,647,996	36,694,843
Deferred tax liabilities		633,832	470,131	633,832	470,131
Insurance payables		5,845,058	5,678,975	5,845,058	5,678,975
Current tax liabilities		5,114	36,272	5,403	36,544
Other payables		880,775	731,666	851,036	725,830
Total liabilities		46,037,989	43,636,906	45,983,325	43,606,323
Total equity and liabilities		50,201,272	48,370,905	50,186,844	48,379,601

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

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017**

	Group		Company	
	31.05.2017	31.05.2016	31.05.2017	31.05.2016
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	4,240,151	3,990,770	4,240,151	3,990,770
Premiums ceded to reinsurers	(459,862)	(224,864)	(459,862)	(224,864)
Net earned premiums	3,780,289	3,765,906	3,780,289	3,765,906
Investment income	1,067,541	1,022,522	1,066,075	1,020,680
Net realised gains/(losses)	4,004	(692)	3,995	(692)
Fair value gains	1,311,794	240,091	1,311,794	240,091
Other operating income	27,421	19,251	23,934	17,430
Total net revenue	6,191,049	5,047,078	6,186,087	5,043,415
Gross benefits and claims paid	(3,249,788)	(3,135,441)	(3,249,788)	(3,135,441)
Claims ceded to reinsurers	227,526	91,578	227,526	91,578
Gross change to insurance contract liabilities	(1,958,660)	(855,684)	(1,958,465)	(855,827)
Change in insurance contract liabilities ceded to reinsurers	97,935	11,271	97,935	11,271
Net insurance benefits and claims	(4,882,987)	(3,888,276)	(4,882,792)	(3,888,419)
Fee and commission expenses	(443,193)	(400,466)	(440,812)	(399,283)
Management expenses	(419,253)	(396,508)	(416,656)	(393,657)
Other expenses	(862,446)	(796,974)	(857,468)	(792,940)

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

	Group		Company	
	31.05.2017	31.05.2016	31.05.2017	31.05.2016
	RM'000	RM'000	RM'000	RM'000
Profit before share of loss from associate	445,616	361,828	445,827	362,056
Share of loss from associate	(1,656)	(1,052)	-	-
Profit before tax	443,960	360,776	445,827	362,056
Tax expense attributable to policyholders and unitholders	(157,322)	(75,778)	(157,322)	(75,778)
Profit before tax attributable to shareholders	286,638	284,998	288,505	286,278
Tax expense	(227,374)	(143,583)	(227,685)	(143,182)
Tax expense attributable to policyholders and unitholders	157,322	75,778	157,322	75,778
Tax expense attributable to shareholders	(70,052)	(67,805)	(70,363)	(67,404)
Profit after tax for the period	216,586	217,193	218,142	218,874
Basic earnings per share (sen)	28.2	28.3	28.4	28.5

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

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 MAY 2017**

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2017</u>	<u>31.05.2016</u>	<u>31.05.2017</u>	<u>31.05.2016</u>
	RM'000	RM'000	RM'000	RM'000
Profit after tax for the period	216,586	217,193	218,142	218,874
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	101,518	113,660	101,184	112,458
Net realised (gains)/losses transferred to income statements	(4,004)	723	(3,995)	723
Deferred taxation	(23,091)	(26,868)	(23,090)	(26,696)
Change in available-for-sale fair value reserves	74,423	87,515	74,099	86,485
Share of other comprehensive income from associate	275	175	-	-
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	-	176,376	-	176,376
Deferred taxation	-	(6,672)	-	(6,672)
Change in insurance contract liabilities	-	(142,292)	-	(142,292)
Change in asset revaluation reserves	-	27,412	-	27,412
Other comprehensive income - net of tax, for the period	74,698	115,102	74,099	113,897
Total comprehensive income for the period	291,284	332,295	292,241	332,771

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

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MAY 2017**

<u>Group</u>	<u>Attributable to equity holders of the Company</u>						<u>Total</u> <u>RM'000</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Available-for-sale fair value reserves</u>	<u>Revaluation reserves</u>	<u>Share-based reserves</u>	<u>Retained earnings*</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
At 1 December 2016	767,438	683,452	(57,703)	28,478	-	3,312,334	4,733,999
Profit for the period	-	-	-	-	-	216,586	216,586
Other comprehensive income for the period	-	-	74,698	-	-	-	74,698
Total comprehensive income for the period	-	-	74,698	-	-	216,586	291,284
Share based compensation: value of employee services	-	-	-	-	6,716	-	6,716
Share based compensation: repayment to ultimate parent company	-	-	-	-	(6,716)	-	(6,716)
Dividend paid for the financial year ended 30 November 2016	-	-	-	-	-	(862,000)	(862,000)
At 31 May 2017	<u>767,438</u>	<u>683,452</u>	<u>16,995</u>	<u>28,478</u>	<u>-</u>	<u>2,666,920</u>	<u>4,163,283</u>

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

<u>Group</u>	<u>Attributable to equity holders of the Company</u>						<u>Total RM'000</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Available-for sale fair value reserves</u>	<u>Revaluation reserves</u>	<u>Share-based reserves</u>	<u>Retained earnings*</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
At 1 December 2015	767,438	683,452	(4,725)	-	-	3,172,200	4,618,365
Profit for the period	-	-	-	-	-	217,193	217,193
Other comprehensive income for the period	-	-	87,690	27,412	-	-	115,102
Total comprehensive income for the period	-	-	87,690	27,412	-	217,193	332,295
Share based compensation: value of employee services	-	-	-	-	5,688	-	5,688
Share based compensation: repayment to ultimate parent company	-	-	-	-	(5,688)	-	(5,688)
Dividend paid for the financial year ended 30 November 2015	-	-	-	-	-	(752,000)	(752,000)
At 31 May 2016	<u>767,438</u>	<u>683,452</u>	<u>82,965</u>	<u>27,412</u>	<u>-</u>	<u>2,637,393</u>	<u>4,198,660</u>

* Included in retained earnings is RM2,648 million (2016: RM2,460 million) which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

<u>Company</u>	<u>Attributable to equity holders of the Company</u>						<u>Total RM'000</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Available-for- sale fair value reserves</u>	<u>Revaluation reserves</u>	<u>Share-based reserves</u>	<u>Retained earnings*</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
At 1 December 2016	767,438	683,452	(58,860)	28,478	-	3,352,770	4,773,278
Profit for the period	-	-	-	-	-	218,142	218,142
Other comprehensive income for the period	-	-	74,099	-	-	-	74,099
Total comprehensive income for the period	-	-	74,099	-	-	218,142	292,241
Share based compensation: value of employee services	-	-	-	-	6,716	-	6,716
Share based compensation: repayment to ultimate parent company	-	-	-	-	(6,716)	-	(6,716)
Dividend paid for the financial year ended 30 November 2016	-	-	-	-	-	(862,000)	(862,000)
At 31 May 2017	<u>767,438</u>	<u>683,452</u>	<u>15,239</u>	<u>28,478</u>	<u>-</u>	<u>2,708,912</u>	<u>4,203,519</u>

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

<u>Company</u>	Attributable to equity holders of the Company						<u>Total</u> RM'000
	<u>Share capital</u>	<u>Share premium</u>	<u>Available-for-sale fair value reserves</u>	<u>Revaluation reserves</u>	<u>Share-based reserves</u>	<u>Retained earnings*</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 December 2015	767,438	683,452	(5,298)	-	-	3,209,752	4,655,343
Profit for the period	-	-	-	-	-	218,874	218,874
Other comprehensive income for the period	-	-	86,485	27,412	-	-	113,897
Total comprehensive income for the period	-	-	86,485	27,412	-	218,874	332,771
Share based compensation: value of employee services	-	-	-	-	5,688	-	5,688
Share based compensation: repayment to ultimate parent company	-	-	-	-	(5,688)	-	(5,688)
Dividend paid for the financial year ended 30 November 2015	-	-	-	-	-	(752,000)	(752,000)
At 31 May 2016	<u>767,438</u>	<u>683,452</u>	<u>81,187</u>	<u>27,412</u>	<u>-</u>	<u>2,676,626</u>	<u>4,236,114</u>

* Included in retained earnings is RM2,648 million (2016: RM2,460 million) which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2017**

	Group		Company	
	31.05.2017	31.05.2016	31.05.2017	31.05.2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	286,638	284,998	288,505	286,278
Tax expense attributable to policyholders and unitholders	157,322	75,778	157,322	75,778
Rental, interest and dividend income	(1,080,172)	(1,035,887)	(1,078,706)	(1,034,025)
Realised (gains)/losses	(4,004)	723	(3,995)	723
Fair value gains	(1,311,794)	(240,091)	(1,311,794)	(240,091)
Depreciation				
- property, plant and equipment	15,916	15,000	15,872	14,632
Amortisation				
- prepaid land lease payments	13	12	13	12
- intangible assets	7,172	6,302	7,021	6,302
Write off of property, plant and equipment	75	159	75	159
Gains on sale of property, plant and equipment	(12)	(189)	(12)	(189)
Allowance/(reversal of allowance) for impairment losses	4,686	(1,173)	4,686	(1,173)
Share of loss from associate	1,656	1,052	-	-
Impairment losses on properties held for own use	-	2,905	-	2,905
Changes in working capital:				
Increase in AFS and FVTPL financial assets	(273,022)	(310,750)	(288,227)	(310,750)
Increase in reinsurance assets	(97,652)	(10,383)	(97,652)	(10,383)
Decrease in insurance receivables	67,344	88,271	67,344	88,271
Increase in loans and receivables	(98,081)	(90,325)	(90,570)	(75,322)
Increase in insurance payables	166,083	193,885	166,083	193,885
Increase/(decrease) in insurance contract liabilities	1,953,348	(199,832)	1,953,153	(191,482)
Increase in other payables	149,109	854,552	125,206	854,699
Cash used in operating activities	(55,375)	(364,993)	(85,676)	(339,771)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2017</u>	<u>31.05.2016</u>	<u>31.05.2017</u>	<u>31.05.2016</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Income tax paid	(118,231)	(120,977)	(118,215)	(121,016)
Interest income received	894,414	878,815	892,565	877,008
Dividend income received	158,935	133,920	158,935	133,920
Rental income received	13,659	14,332	13,659	14,332
Net cash inflows from operating activities	893,402	541,097	861,268	564,473
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(14,619)	(11,643)	(14,619)	(11,643)
Purchase of property, plant and equipment	(9,389)	(12,372)	(9,389)	(12,364)
Proceed from disposal of property, plant and equipment	15	189	15	189
Increase in investment in associate	(16,667)	-	-	-
Net cash outflows from investing activities	(40,660)	(23,826)	(23,993)	(23,818)

AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

	Group		Company	
	31.05.2017	31.05.2016	31.05.2017	31.05.2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in obligation on securities sold under repurchase agreements	-	49,676	-	49,676
Dividend paid	(862,000)	(752,000)	(862,000)	(752,000)
Net cash outflows from financing activities	(862,000)	(702,324)	(862,000)	(702,324)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(9,258)	(185,053)	(24,725)	(161,669)
CASH AND CASH EQUIVALENTS AT 1 DECEMBER	691,019	744,058	672,882	713,699
CASH AND CASH EQUIVALENTS AT 30 NOVEMBER	681,761	559,005	648,157	552,030
<u>Cash and cash equivalents comprised:</u>				
Cash and bank balances	271,091	276,091	267,137	272,992
Fixed and call deposits with licensed financial institutions	410,670	414,927	381,020	399,890
	681,761	691,018	648,157	672,882

The Group and Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2017

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business, and all classes of general insurance business. The principal activities of the subsidiaries are managing investment assets holding and managing private retirement scheme and asset management business.

There have been no significant changes in these activities during the financial period.

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act, 2016 and Financial Services Act, 2013 ("FSA") and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is Premium Policy Berhad, whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

The interim financial statements are authorised for issue by the Board of Directors on 19 July 2017.

2 BASIS OF PREPARATION

The condensed interim financial statements of the Group and the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting*.

The Group and the Company have adopted the MFRS framework issued by the Malaysian Accounting Standards Board ("MASB") and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia ("BNM").

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated audited financial statements for the financial year ended 30 November 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group and the Company for the condensed interim financial statements are consistent with those adopted by the Group's consolidated audited financial statements for the financial year ended 30 November 2016, except for the adoption of the following:

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial year beginning on or after 1 December 2016

On 1 December 2016, the Group adopted the following accounting standards, amendments and interpretations to existing standards that have been issued by the Malaysian Accounting Standards Board ("MASB"):

- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Annual Improvements to MFRSs 2012 – 2014 Cycle (Amendments to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", MFRS 7 "Financial Instruments: Disclosures", MFRS 119 "Employee Benefits" and MFRS 134 "Interim Financial Reporting")
- Amendments to MFRS 10, 12 and 128 "Investment Entities – Applying the Consolidation Exception"
- Amendments to MFRS 101 "Presentation of Financial Statements – Disclosure Initiative"

3.2 Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted

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

Financial year beginning on/after 1 December 2017

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary differences on assets carried at fair value.

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

The amendments shall be applied retrospectively.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted (continued)

The Group will apply the new standards, amendments to standards and interpretations in the following period: (continued)

Financial year beginning on/after 1 December 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 MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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

MFRS 9 introduces an expected credit 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 amendments to MFRS 4 ("Insurance Contracts") allows two alternatives to address the transitional challenges from different effective dates of MFRS 9 and the proposed new standard on insurance contracts. The amendment introduced two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying MFRS 9 for entities whose activities are predominantly connected with insurance contracts until the earlier of the effective date of the proposed new standard on insurance contracts and the annual reporting periods beginning on or after 1 January 2021.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted (continued)

The Group will apply the new standards, amendments to standards and interpretations in the following period: (continued)

Financial year beginning on/after 1 December 2019

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

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

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

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

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

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

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

The Group 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 Group has not finalised any impact on the financial statements on the adoption of the above accounting standards.

All other new amendments to published standards and interpretations to existing standards issued by MASB effective for financial periods subsequent to 1 December 2017 are not relevant to the Group.

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

4 SEASONALITY OR CYCLICALITY

The business operations of the Group and of the Company were not significantly affected by seasonality or cyclical factors during the interim financial period.

5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period ended 31 May 2017.

6 CHANGES IN ESTIMATES

There were no material changes in the basis used for the accounting estimates for the current financial period ended 31 May 2017.

7 ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase and repayment of debt and equity securities during the current financial period ended 31 May 2017.

8 DIVIDEND PAID

During the half-year ended 31 May 2017, a final single tier dividend of 112.32% on 767,438,174 ordinary shares in respect of the financial year ended 30 November 2016, amounting to RM862,000,000 was paid on 12 May 2017 and 15 May 2017 respectively.

9 CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group and the Company during the period under review.

10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There is no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2017</u>	<u>30.11.2016</u>	<u>31.05.2017</u>	<u>30.11.2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At fair value</u>				
Malaysian government securities	1,812,864	1,817,364	1,787,436	1,812,210
Cagamas papers	374,935	467,825	374,935	467,825
Unquoted corporate debt securities	5,422,188	5,460,004	5,401,125	5,404,108
Unquoted equity securities	4,625	4,625	4,625	4,625
Deposits with licensed bank	103,410	103,230	103,410	103,230
Accrued interest	83,537	86,796	83,246	86,118
	<u>7,801,559</u>	<u>7,939,844</u>	<u>7,754,777</u>	<u>7,878,116</u>
<u>Carrying values of financial instruments</u>				
At 1 December	7,939,844	7,978,051	7,878,116	7,916,446
Purchases	889,674	823,347	837,917	823,948
Maturities	(108,910)	(298,355)	(108,910)	(298,355)
Disposals at amortised cost	(1,011,107)	(485,855)	(944,467)	(485,855)
Fair value gains/(losses) recorded in:				
Other comprehensive income	97,514	(69,525)	97,189	(70,282)
Movement in accrued interest	(3,259)	(2,848)	(2,872)	(2,856)
Net amortisation of premiums	(2,197)	(4,971)	(2,196)	(4,930)
At 31 May/30 November	<u>7,801,559</u>	<u>7,939,844</u>	<u>7,754,777</u>	<u>7,878,116</u>
Current	192,657	346,840	192,730	346,161
Non current	7,608,902	7,593,004	7,562,047	7,531,955
	<u>7,801,559</u>	<u>7,939,844</u>	<u>7,754,777</u>	<u>7,878,116</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets

The following tables show the financial assets recorded at fair values analysed by the different basis of fair values as follows:

Group

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 31 May 2017</u>				
Malaysian government securities	1,812,864	-	1,812,864	-
Cagamas papers	374,935	-	374,935	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,422,188	-	5,422,188	-
Deposits with licensed bank	103,410	-	103,410	-
Accrued interest	83,537	-	83,537	-
Total assets on a recurring fair value measurement basis	<u>7,801,559</u>	<u>-</u>	<u>7,796,934</u>	<u>4,625</u>
<u>At 30 November 2016</u>				
Malaysian government securities	1,817,364	-	1,817,364	-
Cagamas papers	467,825	-	467,825	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,460,004	-	5,460,004	-
Deposits with licensed bank	103,230	-	103,230	-
Accrued interest	86,796	-	86,796	-
Total assets on a recurring fair value measurement basis	<u>7,939,844</u>	<u>-</u>	<u>7,935,219</u>	<u>4,625</u>

Company

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 31 May 2017</u>				
Malaysian government securities	1,787,436	-	1,787,436	-
Cagamas papers	374,935	-	374,935	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,401,125	-	5,401,125	-
Deposits with licensed bank	103,410	-	103,410	-
Accrued interest	83,246	-	83,246	-
Total assets on a recurring fair value measurement basis	<u>7,754,777</u>	<u>-</u>	<u>7,750,152</u>	<u>4,625</u>

Company No.

790895

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AIA BHD.

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets (continued)

Company (continued)

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 30 November 2016</u>				
Malaysian government securities	1,812,210	-	1,812,210	-
Cagamas papers	467,825	-	467,825	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,404,108	-	5,404,108	-
Deposits with licensed bank	103,230	-	103,230	-
Accrued interest	86,118	-	86,118	-
Total assets on a recurring fair value measurement basis	<u>7,878,116</u>	<u>-</u>	<u>7,873,491</u>	<u>4,625</u>

The tables below set out a summary of changes in the Level 3 financial assets for the period ended 31 May 2017.

Group and Company

	<u>Unquoted equity securities</u>
	RM'000
At 30 November 2016/31 May 2017	<u>4,625</u>

Fair value hierarchy for financial and non-financial instruments

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entirety. The three-level hierarchy is defined as per Note 13 to the condensed financial statements.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2017</u>	<u>30.11.2016</u>	<u>31.05.2017</u>	<u>30.11.2016</u>
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian government securities	3,888,778	4,356,632	3,888,778	4,356,632
Cagamas papers	1,829,797	1,949,936	1,829,797	1,949,936
Equity securities of corporations				
- Quoted	9,219,550	7,548,606	9,219,550	7,548,606
- Unquoted	237,571	223,698	237,571	223,698
Quoted real estate investment trust funds	481,201	432,658	481,201	432,658
Unquoted corporate debt securities	17,889,778	17,312,516	17,889,778	17,312,516
Mutual funds				
- Quoted	971,716	927,736	971,716	927,736
- Unquoted	327,932	281,721	327,932	281,721
Deposits with licensed bank	50,850	51,110	50,850	51,110
Malaysian government guarantee loans	8,000	8,000	8,000	8,000
Accrued interest	271,046	275,735	271,046	275,735
	<u>35,176,219</u>	<u>33,368,348</u>	<u>35,176,219</u>	<u>33,368,348</u>
<u>Carrying values of financial instrument</u>				
At 1 December	33,368,348	32,316,487	33,368,348	32,316,487
Purchases	3,668,160	6,942,076	3,668,160	6,942,076
Maturities	(400,090)	(847,845)	(400,090)	(847,845)
Disposals at fair value	(2,760,387)	(4,863,128)	(2,760,387)	(4,863,128)
Fair value gains/(losses) recorded in income statements	1,311,794	(170,486)	1,311,794	(170,486)
Movement in accrued interest	(4,689)	7,589	(4,689)	7,589
Net amortisation of premiums	(6,917)	(16,345)	(6,917)	(16,345)
At 31 May/30 November	<u>35,176,219</u>	<u>33,368,348</u>	<u>35,176,219</u>	<u>33,368,348</u>
Current	11,977,411	10,575,221	11,977,411	10,575,221
Non current	23,198,808	22,793,127	23,198,808	22,793,127
	<u>35,176,219</u>	<u>33,368,348</u>	<u>35,176,219</u>	<u>33,368,348</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets

The following tables show the financial assets recorded at fair values analysed by the different basis of fair values as follows:

Group

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At 31 May 2017</u>				
Malaysian government securities	3,888,778	-	3,888,778	-
Cagamas papers	1,829,797	-	1,829,797	-
Equity securities of corporations				
- Quoted	9,219,550	9,219,550	-	-
- Unquoted	237,571	-	237,538	33
Quoted real estate investment trust funds	481,201	481,201	-	-
Unquoted corporate debt securities	17,889,778	-	17,889,778	-
Mutual funds				
- Quoted	971,716	971,716	-	-
- Unquoted	327,932	128,835	-	199,097
Deposits with licensed bank	50,850	-	50,850	-
Malaysian government guarantee loans	8,000	-	-	8,000
Accrued interest	271,046	-	270,866	180
Total assets on a recurring fair value measurement basis	<u>35,176,219</u>	<u>10,801,302</u>	<u>24,167,607</u>	<u>207,310</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets (continued)

Group (continued)

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 30 November 2016</u>				
Malaysian government securities	4,356,632	-	4,356,632	-
Cagamas papers	1,949,936	-	1,949,936	-
Equity securities of corporations				
- Quoted	7,548,606	7,548,606	-	-
- Unquoted	223,698	-	223,665	33
Quoted real estate investment trust funds	432,658	432,658	-	-
Unquoted corporate debt securities	17,312,516	-	17,312,516	-
Mutual funds				
- Quoted	927,736	927,736	-	-
- Unquoted	281,721	126,256	-	155,465
Deposits with licensed bank	51,110	-	51,110	-
Malaysian government guarantee loans	8,000	-	-	8,000
Accrued interest	275,735	-	275,554	181
Total assets on a recurring fair value measurement basis	<u>33,368,348</u>	<u>9,035,256</u>	<u>24,169,413</u>	<u>163,679</u>

AIA BHD.

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)****12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)****Fair value of financial assets (continued)****Company**

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 31 May 2017</u>				
Malaysian government securities	3,888,778	-	3,888,778	-
Cagamas papers	1,829,797	-	1,829,797	-
Equity securities of corporations				
- Quoted	9,219,550	9,219,550	-	-
- Unquoted	237,571	-	237,538	33
Quoted real estate investment trust funds	481,201	481,201	-	-
Unquoted corporate debt securities	17,889,778	-	17,889,778	-
Mutual funds				
- Quoted	971,716	971,716	-	-
- Unquoted	327,932	128,835	-	199,097
Deposits with licensed bank	50,850	-	50,850	-
Malaysian government guarantee loans	8,000	-	-	8,000
Accrued interest	271,046	-	270,866	180
Total assets on a recurring fair value measurement basis	<u>35,176,219</u>	<u>10,801,302</u>	<u>24,167,607</u>	<u>207,310</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets (continued)

Company

	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 30 November 2016</u>				
Malaysian government securities	4,356,632	-	4,356,632	-
Cagamas papers	1,949,936	-	1,949,936	-
Equity securities of corporations				
- Quoted	7,548,606	7,548,606	-	-
- Unquoted	223,698	-	223,665	33
Quoted real estate investment trust funds	432,658	432,658	-	-
Unquoted corporate debt securities	17,312,516	-	17,312,516	-
Mutual funds				
- Quoted	927,736	927,736	-	-
- Unquoted	281,721	126,256	-	155,465
Deposits with licensed bank	51,110	-	51,110	-
Malaysian government guarantee loans	8,000	-	-	8,000
Accrued interest	275,735	-	275,554	181
Total assets on a recurring fair value measurement basis	<u>33,368,348</u>	<u>9,035,256</u>	<u>24,169,413</u>	<u>163,679</u>

Company No.

790895

D

AIA BHD.

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets (continued)

The tables below set out a summary of changes in the Level 3 financial assets for the financial period ended 31 May 2017.

Group and Company

	Malaysia government guarantee loans RM'000	Equity securities RM'000	Mutual funds RM'000
At 1 December 2015	8,000	34	166,087
Acquisition during the financial year	-	-	32,573
Disposal during the financial year	-	-	(18,157)
Fair value gains recorded in Income Statements	-	(1)	(25,038)
At 30 November 2016	8,000	33	155,465
Acquisition during the financial period	-	-	56,475
Disposal during the financial period	-	-	(7,650)
Fair value losses recorded in Income Statements	-	-	(5,193)
At 31 May 2017	8,000	33	199,097

Fair value hierarchy for financial and non-financial instruments

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entirety. The three-level hierarchy is defined as per Note 13 to the condensed financial statements.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

13 FAIR VALUE MEASUREMENTS

Fair value measurements on a recurring basis

The Group measures at fair value financial instruments classified at fair value through profit or loss, available for sale and investments in non-consolidated investment funds on a recurring basis. The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgement is used in measuring fair value. Conversely, financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgement. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

An other than active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the period ended 31 May 2017.

The following methods and assumptions were used by the Group to estimate the fair value of financial instruments:

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 prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and 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 but where prices have not been determined in an 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 Group's own models whereby the majority of assumptions are market observable.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

13 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

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 at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the period ended 31 May 2017, there is no transfer of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There is no transfer of assets from Level 2 to Level 1 during the period ended 31 May 2017.

The Group's Level 2 financial instruments include debt securities and deposits with licensed bank. The fair values of Level 2 financial instruments are estimated using values obtained from private pricing services and brokers corroborated with internal review as necessary. When the quotes from third-party pricing services and brokers are not available, internal valuation techniques and observable inputs will be used to derive the fair value for the financial instruments.

Significant unobservable inputs for level 3 fair value measurements

The following table shows the valuation techniques used in determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models:

<u>Description</u>	<u>Valuation techniques</u>	<u>Valuation unobservable inputs</u>
Private equity funds	Net asset value	Net asset value
Common and preferred shares of private companies	Cost	Cost
Investment properties and properties held for own use	Discounted cash flow	Expected market rental growth Discount rate Yield

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

13 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

Valuation processes

The Group has the valuation policies, procedures and analyses in place to govern the valuation of financial assets required for financial reporting purposes, including level 3 fair values. In determining the fair values of financial assets, the Group in general uses third-party pricing providers and, only in rare cases when no third-party prices exist, will use prices derived from internal models. Chief Investment Officers of each business units are required to review the reasonableness of the prices used and report price exceptions, if any. The Group's investment team analyses reported price exceptions and reviews price challenge responses from third party pricing providers and provides the final recommendation on the appropriate price to be used. Any changes in valuation policies are reviewed and approved by the Group Pricing Committee ("GPC") which is part of the Group's wider financial risk governance processes. Changes in level 2 and 3 fair values are analysed at each reporting date.

A significant increase/(decrease) in any of the unobservable input may result in a significantly lower/(higher) fair value measurement. The Group has subscriptions to private pricing services for gathering such information. If the information from private pricing services is not available, the Group uses the proxy pricing method based on internally-developed valuation inputs.

Fair value for assets and liabilities for which the fair value is disclosed at reporting date

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 May 2017 is tabulated below.

Group

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 31 May 2017</u>				
Financial assets				
Loan and receivables	-	122,499	4,619,467	4,741,966
Financial liabilities				
Insurance payables	-	-	5,845,058	5,845,058
Other payables	-	-	880,775	880,775
	-	-	6,725,833	6,725,833

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

13 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value for assets and liabilities for which the fair value is disclosed at reporting date (continued)

Group (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 30 November 2016</u>				
Financial assets				
Loan and receivables	-	115,749	4,484,896	4,600,645
Financial liabilities				
Insurance payables	-	-	5,678,975	5,678,975
Other payables	-	-	731,666	731,666
	-	-	6,410,641	6,410,641

Company

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 31 May 2017</u>				
Financial assets				
Loan and receivables	-	91,750	4,619,467	4,711,217
Financial liabilities				
Insurance payables	-	-	5,845,058	5,845,058
Other payables	-	-	851,036	851,036
	-	-	6,696,094	6,696,094
<u>At 30 November 2016</u>				
Financial assets				
Loan and receivables	-	91,970	4,484,896	4,576,866
Financial liabilities				
Insurance payables	-	-	5,678,975	5,678,975
Other payables	-	-	725,830	725,830
	-	-	6,404,805	6,404,805

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(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

14 REINSURANCE ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2017</u>	<u>30.11.2016</u>	<u>31.05.2017</u>	<u>30.11.2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Reinsurance of insurance contracts	224,548	126,896	224,548	126,896
Receivables within 12 months	224,548	126,896	224,548	126,896

15 INSURANCE CONTRACT LIABILITIES

<u>Group</u>	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At 31 May 2017</u>			
Life insurance (Note A)	38,384,968	(208,038)	38,176,930
General insurance (Note B)	288,242	(16,510)	271,732
	<u>38,673,210</u>	<u>(224,548)</u>	<u>38,448,662</u>
<u>At 30 November 2016</u>			
Life insurance (Note A)	36,403,366	(108,080)	36,295,286
General insurance (Note B)	316,496	(18,816)	297,680
	<u>36,719,862</u>	<u>(126,896)</u>	<u>36,592,966</u>
<u>Company</u>			
<u>At 31 May 2017</u>			
Life insurance (Note A)	38,359,754	(208,038)	38,151,716
General insurance (Note B)	288,242	(16,510)	271,732
	<u>38,647,996</u>	<u>(224,548)</u>	<u>38,423,448</u>
<u>At 30 November 2016</u>			
Life insurance (Note A)	36,378,347	(108,080)	36,270,267
General insurance (Note B)	316,496	(18,816)	297,680
	<u>36,694,843</u>	<u>(126,896)</u>	<u>36,567,947</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Group		Company	
	31.05.2017	30.11.2016	31.05.2017	30.11.2016
	RM'000	RM'000	RM'000	RM'000
Current	1,262,298	1,270,202	1,262,298	1,270,202
Non current	37,410,912	35,449,660	37,385,698	35,424,641
	38,673,210	36,719,862	38,647,996	36,694,843

(A) Life Insurance

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

(i) Life insurance contract liabilities

Group	Gross RM'000	Reinsurance RM'000	Net RM'000
<u>At 31 May 2017</u>			
Claims liabilities	321,422	(19,677)	301,745
Actuarial liabilities	30,176,333	(188,361)	29,987,972
Unallocated surplus	2,151,460	-	2,151,460
Asset revaluation reserve	148,448	-	148,448
Net asset value attributable to unitholders	5,587,305	-	5,587,305
	38,384,968	(208,038)	38,176,930
<u>At 30 November 2016</u>			
Claims liabilities	294,683	(50,811)	243,872
Actuarial liabilities	29,552,749	(57,269)	29,495,480
Unallocated surplus	1,430,384	-	1,430,384
Asset revaluation reserve	148,448	-	148,448
Net asset value attributable to unitholders	4,977,102	-	4,977,102
	36,403,366	(108,080)	36,295,286

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

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

(i) Life insurance contract liabilities (continued)

<u>Company</u>	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 May 2017</u>			
Claims liabilities	321,422	(19,677)	301,745
Actuarial liabilities	30,176,333	(188,361)	29,987,972
Unallocated surplus	2,126,246	-	2,126,246
Asset revaluation reserve	148,448	-	148,448
Net asset value attributable to unitholders	5,587,305	-	5,587,305
	<u>38,359,754</u>	<u>(208,038)</u>	<u>38,151,716</u>
<u>At 30 November 2016</u>			
Claims liabilities	294,683	(50,811)	243,872
Actuarial liabilities	29,552,749	(57,269)	29,495,480
Unallocated surplus	1,405,365	-	1,405,365
Asset revaluation reserve	148,448	-	148,448
Net asset value attributable to unitholders	4,977,102	-	4,977,102
	<u>36,378,347</u>	<u>(108,080)</u>	<u>36,270,267</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

(ii) Movements of life insurance contract liabilities

<u>Group</u>			<u>Gross</u>
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2016	27,148,347	9,255,019	36,403,366
Policy movements	230,775	175,884	406,659
Movement in claim liabilities	4,575	22,164	26,739
Adjustments due to changes in assumptions:			
Discount rate	80,982	281,043	362,025
Others	-	(145,100)	(145,100)
Change in net asset value attributable to unitholders	-	610,203	610,203
Unallocated surplus	721,076	-	721,076
At 31 May 2017	28,185,755	10,199,213	38,384,968

<u>Group</u>			<u>Reinsurance</u>
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2016	(21,096)	(86,984)	(108,080)
Policy movements	142	(131,234)	(131,092)
Movement in claim liabilities	10,760	20,374	31,134
At 31 May 2017	(10,194)	(197,844)	(208,038)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

(ii) Movements of life insurance contract liabilities (continued)

<u>Group</u>			<u>Gross</u>
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2015	26,661,111	8,678,545	35,339,656
Policy movements	803,925	149,734	953,659
Movement in claim liabilities	6,285	(16,737)	(10,452)
Model refinement	-	3,213	3,213
Adjustments due to changes in assumptions:			
Expense	296,582	1,105	297,687
Discount rate	(47,953)	(157,846)	(205,799)
Mortality/morbidity	-	(96,202)	(96,202)
Change in bonus	18,095	-	18,095
Others	-	115,505	115,505
Change in net asset value attributable to unitholders	-	577,702	577,702
Change in asset revaluation reserve	148,448	-	148,448
Unallocated surplus	(738,146)	-	(738,146)
At 30 November 2016	27,148,347	9,255,019	36,403,366

<u>Group</u>			<u>Reinsurance</u>
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2015	(19,870)	(50,296)	(70,166)
Policy movements	3,768	(9,692)	(5,924)
Movement in claim liabilities	(4,994)	(26,996)	(31,990)
At 30 November 2016	(21,096)	(86,984)	(108,080)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

(ii) Movements of life insurance contract liabilities (continued)

<u>Company</u>			<u>Gross</u>
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2016	27,123,328	9,255,019	36,378,347
Policy movements	230,775	175,884	406,659
Movement in claim liabilities	4,575	22,164	26,739
Adjustments due to changes in assumptions:			
Discount rate	80,982	281,043	362,025
Others	-	(145,100)	(145,100)
Change in net asset value attributable to unitholders	-	610,203	610,203
Unallocated surplus	720,881	-	720,881
At 31 May 2017	28,160,541	10,199,213	38,359,754

<u>Company</u>			<u>Reinsurance</u>
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2016	(21,096)	(86,984)	(108,080)
Policy movements	142	(131,234)	(131,092)
Movement in claim liabilities	10,760	20,374	31,134
At 31 May 2017	(10,194)	(197,844)	(208,038)

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

(ii) Movements of life insurance contract liabilities (continued)

<u>Company</u>			Gross
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2015	26,636,434	8,678,545	35,314,979
Policy movements	803,925	149,734	953,659
Movement in claim liabilities	6,285	(16,737)	(10,452)
Model refinement	-	3,213	3,213
Adjustments due to changes in assumptions:			
Expense	296,582	1,105	297,687
Discount rate	(47,953)	(157,846)	(205,799)
Mortality/morbidity	-	(96,202)	(96,202)
Change in bonus	18,095	-	18,095
Others	-	115,505	115,505
Change in net asset value attributable to unitholders	-	577,702	577,702
Change in asset revaluation reserve	148,448	-	148,448
Unallocated surplus	(738,488)	-	(738,488)
At 30 November 2016	27,123,328	9,255,019	36,378,347

<u>Company</u>			Reinsurance
	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Total</u> RM'000
At 1 December 2015	(19,870)	(50,296)	(70,166)
Policy movements	3,768	(9,692)	(5,924)
Movement in claim liabilities	(4,994)	(26,996)	(31,990)
At 30 November 2016	(21,096)	(86,984)	(108,080)

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(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance

Group and Company

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 May 2017</u>			
Provision for claims reported by policyholders	112,565	(7,445)	105,120
Provision for incurred but not reported claims ("IBNR")	67,198	(3,383)	63,815
Claim liabilities (i)	179,763	(10,828)	168,935
Premium liabilities (ii)	108,479	(5,682)	102,797
	288,242	(16,510)	271,732
<u>At 30 November 2016</u>			
Provision for claims reported by policyholders	129,591	(9,598)	119,993
Provision for incurred but not reported claims ("IBNR")	73,112	(3,252)	69,860
Claim liabilities (i)	202,703	(12,850)	189,853
Premium liabilities (ii)	113,793	(5,966)	107,827
	316,496	(18,816)	297,680

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(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(i) Claim liabilities

Group and Company

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 December 2016	202,703	(12,850)	189,853
Claims incurred in the current accident year	70,076	(5,482)	64,594
Movement in claims incurred in prior accident years	(23,869)	2,561	(21,308)
Claims paid during the period	(62,009)	4,901	(57,108)
Others	(6,331)	-	(6,331)
Change in expense liabilities and risk margin	(807)	42	(765)
At 31 May 2017	<u>179,763</u>	<u>(10,828)</u>	<u>168,935</u>
At 1 December 2015	220,084	(11,566)	208,518
Claims incurred in the current accident year	110,859	(5,243)	105,616
Movement in claims incurred in prior accident years	(8,568)	(757)	(9,325)
Claims paid during the financial year	(107,970)	4,307	(103,663)
Others	(14,070)	-	(14,070)
Change in expense liabilities and risk margin	2,368	409	2,777
At 30 November 2016	<u>202,703</u>	<u>(12,850)</u>	<u>189,853</u>

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(ii) Premium liabilities

Group and Company

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
At 1 December 2016	113,793	(5,966)	107,827
Premiums written in the financial period	136,930	(11,793)	125,137
Premium earned during the financial period	(142,244)	12,077	(130,167)
At 31 May 2017	<u>108,479</u>	<u>(5,682)</u>	<u>102,797</u>
At 1 December 2015	131,895	(6,698)	125,197
Premiums written in the financial year	294,568	(21,347)	273,221
Premium earned during the financial year	(312,670)	22,079	(290,591)
At 30 November 2016	<u>113,793</u>	<u>(5,966)</u>	<u>107,827</u>

Company No.

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(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

16 CAPITAL COMMITMENTS

	Group and Company	
	31.05.2017	30.11.2016
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property and equipment	18,466	5,248
Intangible assets	12,075	19,203
Investments	396,398	463,290
	<u>426,939</u>	<u>487,741</u>
Approved but not contracted for:		
Property and equipment	615	845
Intangible assets	951	1,694
	<u>1,566</u>	<u>2,539</u>
	<u>428,505</u>	<u>490,280</u>

17 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 31 May 2017, as prescribed under the Risk-Based Capital Framework is provided below:

	Company	
	31.05.2017	30.11.2016
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	767,438	767,438
Share premium	683,452	683,452
Reserves, including retained earnings	11,891,114	12,378,827
	<u>13,342,004</u>	<u>13,829,717</u>
Tier 2 Capital		
Revaluation reserves	182,758	182,758
Available-for-sale fair value reserves	17,109	(68,642)
	<u>199,867</u>	<u>114,116</u>
Amount deducted from Capital	(335,521)	(286,272)
Total Capital Available	<u>13,206,350</u>	<u>13,657,561</u>

Company No.

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AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS

The Group's principal activities are organised by funds and segregated into Shareholders, General, Life and Investment-linked funds in accordance with the Financial Services Act, 2013 and Insurance Regulations, 1996.

The Group's statements of financial position and income statements analysed by Life fund, Shareholders' and General Funds have been presented together as one fund.

The life insurance business offers a wide range of participating and non-participating whole life, term assurance, endowment as well as investment-linked products.

The General insurance business offers general insurance products which include personal accident, motor, fire and other classes.

Individual fund's revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of the respective funds that are directly attributable to the respective funds and the relevant portion that can be allocated on a reasonable basis to the respective funds. Individual fund's revenue, expenses, assets and fund liabilities are determined before inter-fund balances and inter-fund transactions are eliminated as part of the consolidation process.

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 **INSURANCE FUNDS (CONTINUED)**

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 31 MAY 2017

At 31 MAY 2017

<u>Group</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	Inter-fund <u>Elimination</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Property, plant and equipment	957	471,265	-	472,222
Investment properties	-	378,300	-	378,300
Prepaid land lease payments	596	590	-	1,186
Intangible assets	4,408	84,692	-	89,100
Investment in associate	40,282	25,301	-	65,583
Available-for-sale financial assets	1,568,835	6,232,724	-	7,801,559
Fair value through profit or loss financial assets	5,374	35,170,845	-	35,176,219
Loans and receivables	3,356,553	4,876,639	(3,247,318)	4,985,874
Reinsurance assets	16,510	208,038	-	224,548
Insurance receivables	38,157	286,763	-	324,920
Cash and cash equivalents	84,631	597,130	-	681,761
Total assets	5,116,303	48,332,287	(3,247,318)	50,201,272
<u>Equity and liabilities</u>				
Total equity	4,163,283	-	-	4,163,283
Insurance contract liabilities	288,242	38,384,968	-	38,673,210
Deferred tax liabilities	551,938	81,894	-	633,832
Insurance payables	18,609	5,826,449	-	5,845,058
Current tax liabilities	6,402	(1,288)	-	5,114
Other payables	87,829	4,040,264	(3,247,318)	880,775
Total liabilities	953,020	48,332,287	(3,247,318)	46,037,989
Total equity and liabilities	5,116,303	48,332,287	(3,247,318)	50,201,272

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 31 MAY 2017 (CONTINUED)

At 30 NOVEMBER 2016

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Property, plant and equipment	1,044	477,783	-	478,827
Investment properties	-	378,300	-	378,300
Prepaid land lease payments	600	599	-	1,199
Intangible assets	5,253	76,400	-	81,653
Investment in associate	25,191	25,106	-	50,297
Available-for-sale financial assets	1,678,727	6,261,117	-	7,939,844
Fair value through profit or loss financial assets	5,293	33,363,055	-	33,368,348
Loans and receivables	3,820,083	4,750,301	(3,707,458)	4,862,926
Reinsurance assets	18,815	108,081	-	126,896
Insurance receivables	62,155	329,442	-	391,597
Cash and cash equivalents	37,623	653,395	-	691,018
Total assets	5,654,784	46,423,579	(3,707,458)	48,370,905
<u>Equity and liabilities</u>				
Total equity	4,733,999	-	-	4,733,999
Insurance contract liabilities	316,496	36,403,366	-	36,719,862
Deferred tax liabilities	495,941	(25,810)	-	470,131
Insurance payables	24,907	5,654,068	-	5,678,975
Current tax liabilities	55,865	(19,593)	-	36,272
Other payables	27,576	4,411,548	(3,707,458)	731,666
Total liabilities	920,785	46,423,579	(3,707,458)	43,636,906
Total equity and liabilities	5,654,784	46,423,579	(3,707,458)	48,370,905

AIA BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 31 MAY 2017 (CONTINUED)

At 31 MAY 2017

<u>Company</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Property, plant and equipment	922	471,265	-	472,187
Investment properties	-	378,300	-	378,300
Prepaid land lease payments	596	590	-	1,186
Intangible assets	4,333	84,692	-	89,025
Investment in subsidiaries	163,000	-	-	163,000
Investment in associate	-	88	-	88
Available-for-sale financial assets	1,522,053	6,232,724	-	7,754,777
Fair value through profit or loss financial assets	5,374	35,170,845	-	35,176,219
Loans and receivables	3,325,116	4,876,639	(3,247,318)	4,954,437
Reinsurance assets	16,510	208,038	-	224,548
Insurance receivables	38,157	286,763	-	324,920
Cash and cash equivalents	51,027	597,130	-	648,157
Total assets	5,127,088	48,307,074	(3,247,318)	50,186,844
<u>Equity and liabilities</u>				
Total equity	4,203,519	-	-	4,203,519
Insurance contract liabilities	288,242	38,359,754	-	38,647,996
Deferred tax liabilities	551,938	81,894	-	633,832
Insurance payables	18,609	5,826,449	-	5,845,058
Current tax liabilities	6,691	(1,288)	-	5,403
Other payables	58,089	4,040,265	(3,247,318)	851,036
Total liabilities	923,569	48,307,074	(3,247,318)	45,983,325
Total equity and liabilities	5,127,088	48,307,074	(3,247,318)	50,186,844

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 **INSURANCE FUNDS (CONTINUED)**

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 31 MAY 2017 (CONTINUED)

At 30 NOVEMBER 2016

<u>Company</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Property, plant and equipment	965	477,783	-	478,748
Investment properties	-	378,300	-	378,300
Prepaid land lease payments	600	599	-	1,199
Intangible assets	5,027	76,400	-	81,427
Investment in subsidiaries	163,000	-	-	163,000
Investment in associate	-	88	-	88
Available-for-sale financial assets	1,616,999	6,261,117	-	7,878,116
Fair value through profit or loss financial assets	5,293	33,363,055	-	33,368,348
Loans and receivables	3,796,155	4,750,303	(3,707,458)	4,839,000
Reinsurance assets	18,815	108,081	-	126,896
Insurance receivables	62,155	329,442	-	391,597
Cash and cash equivalents	19,487	653,395	-	672,882
Total assets	5,688,496	46,398,563	(3,707,458)	48,379,601
<u>Equity and liabilities</u>				
Total equity	4,773,278	-	-	4,773,278
Insurance contract liabilities	316,496	36,378,347	-	36,694,843
Deferred tax liabilities	495,941	(25,810)	-	470,131
Insurance payables	24,907	5,654,068	-	5,678,975
Current tax liabilities	56,137	(19,593)	-	36,544
Other payables	21,737	4,411,551	(3,707,458)	725,830
Total liabilities	915,218	46,398,563	(3,707,458)	43,606,323
Total equity and liabilities	5,688,496	46,398,563	(3,707,458)	48,379,601

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(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

At 31 MAY 2017

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Gross earned premiums	142,243	4,097,908	-	4,240,151
Premiums ceded to reinsurers	(12,076)	(447,786)	-	(459,862)
Net earned premiums	130,167	3,650,122	-	3,780,289
Investment income	38,336	1,029,205	-	1,067,541
Net realised (losses)/gains	(274)	4,278	-	4,004
Fair value gains	82	1,311,712	-	1,311,794
Other operating income	2,963	24,821	(363)	27,421
Total net revenue	171,274	6,020,138	(363)	6,191,049
Gross benefits and claims paid	(62,009)	(3,187,779)	-	(3,249,788)
Claims ceded to reinsurers	4,901	222,625	-	227,526
Gross change to insurance contract liabilities	22,940	(1,981,600)	-	(1,958,660)
Change in insurance contract liabilities ceded to reinsurers	(2,022)	99,957	-	97,935
Net insurance benefits and claims	(36,190)	(4,846,797)	-	(4,882,987)
Fee and commission expenses	(37,093)	(406,100)	-	(443,193)
Management expenses	(55,959)	(363,657)	363	(419,253)
Other expenses	(93,052)	(769,757)	363	(862,446)

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

At 31 MAY 2017

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit before share of profit/ (loss) from associate	42,032	403,584	-	445,616
Share of (loss)/profit from associate	(1,851)	195	-	(1,656)
Profit before tax	40,181	403,779	-	443,960
Tax expense attributable to policyholders and unitholders	-	(157,322)	-	(157,322)
Profit before tax attributable to shareholders	40,181	246,457	-	286,638
Transfer from Revenue Accounts	246,457	(246,457)	-	-
Profit before tax attributable to shareholders	286,638	-	-	286,638
Tax expense attributable to shareholders	(70,052)	-	-	(70,052)
Profit after tax for the period	216,586	-	-	216,586

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017

At 31 MAY 2017

<u>Group</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	216,586	-	-	216,586
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	101,518	-	-	101,518
Net realised gains transferred to income statements	(4,004)	-	-	(4,004)
Deferred taxation	(23,091)	-	-	(23,091)
Change in available-for-sale fair value reserves	74,423	-	-	74,423
Share of other comprehensive income from associate	275	-	-	275
Other comprehensive income - net of tax, for the period	74,698	-	-	74,698
Total comprehensive income for the period	291,284	-	-	291,284

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF- YEAR ENDED 31 MAY 2017

At 31 MAY 2016

<u>Group</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Gross earned premiums	156,860	3,833,910	-	3,990,770
Premiums ceded to reinsurers	(11,156)	(213,708)	-	(224,864)
Net earned premiums	145,704	3,620,202	-	3,765,906
Investment income	41,214	981,308	-	1,022,522
Net realised gains	(279)	(413)	-	(692)
Fair value (losses)/gains	(12)	240,103	-	240,091
Other operating income	6,632	12,741	(122)	19,251
Total net revenue	193,259	4,853,941	(122)	5,047,078
Gross benefits and claims paid	(59,063)	(3,076,378)	-	(3,135,441)
Claims ceded to reinsurers	2,541	89,037	-	91,578
Gross change to insurance contract liabilities	(1,364)	(854,320)	-	(855,684)
Change in insurance contract liabilities ceded to reinsurers	49	11,222	-	11,271
Net insurance benefits and claims	(57,837)	(3,830,439)	-	(3,888,276)
Fee and commission expenses	(30,321)	(370,145)	-	(400,466)
Management expenses	(53,140)	(343,490)	122	(396,508)
Other expenses	(83,461)	(713,635)	122	(796,974)

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

At 31 MAY 2016

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit before share of loss from associate	51,961	309,867	-	361,828
Share of loss from associate	(888)	(164)	-	(1,052)
Profit before tax	51,073	309,703	-	360,776
Tax expense attributable to policyholders and unitholders	-	(75,778)	-	(75,778)
Profit before tax attributable to shareholders	51,073	233,925	-	284,998
Transfer from Revenue Accounts	233,925	(233,925)	-	-
Profit before tax attributable to shareholders	284,998	-	-	284,998
Tax expense attributable to shareholders	(67,805)	-	-	(67,805)
Profit after tax for the period	217,193	-	-	217,193

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017

At 31 MAY 2016

<u>Group</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	217,193	-	-	217,193
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	113,660	-	-	113,660
Net realised losses transferred to income statements	723	-	-	723
Deferred taxation	(26,868)	-	-	(26,868)
Change in available-for-sale fair value reserves	87,515	-	-	87,515
Share of other comprehensive income from associate	175	-	-	175
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	176,376	-	-	176,376
Deferred taxation	(6,672)	-	-	(6,672)
Change in insurance contract liabilities	(142,292)	-	-	(142,292)
Change in asset revaluation reserves	27,412	-	-	27,412
Other comprehensive income - net of tax, for the period	115,102	-	-	115,102
Total comprehensive income for the period	332,295	-	-	332,295

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017

At 31 MAY 2017

<u>Company</u>	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Gross earned premiums	142,243	4,097,908	-	4,240,151
Premiums ceded to reinsurers	(12,076)	(447,786)	-	(459,862)
Net earned premiums	130,167	3,650,122	-	3,780,289
Investment income	36,870	1,029,205	-	1,066,075
Net realised gains	(283)	4,278	-	3,995
Fair value losses	82	1,311,712	-	1,311,794
Other operating income/ (expenses)	(889)	24,823	-	23,934
Total net revenue	165,947	6,020,140	-	6,186,087
Gross benefits and claims paid	(62,009)	(3,187,779)	-	(3,249,788)
Claims ceded to reinsurers	4,901	222,625	-	227,526
Gross change to insurance contract liabilities	22,940	(1,981,405)	-	(1,958,465)
Change in insurance contract liabilities ceded to reinsurers	(2,022)	99,957	-	97,935
Net insurance benefits and claims	(36,190)	(4,846,602)	-	(4,882,792)
Fee and commission expenses	(34,712)	(406,100)	-	(440,812)
Management expenses	(52,999)	(363,657)	-	(416,656)
Other expenses	(87,711)	(769,757)	-	(857,468)

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

At 31 MAY 2017

<u>Company</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit before tax	42,046	403,781	-	445,827
Tax expense attributable to policyholders and unitholders	-	(157,322)	-	(157,322)
Profit before tax attributable to shareholders	42,046	246,459	-	288,505
Transfer from Revenue Accounts	246,459	(246,459)	-	-
Profit before tax attributable to shareholders	288,505	-	-	288,505
Tax expense attributable to shareholders	(70,363)	-	-	(70,363)
Profit after tax for the period	218,142	-	-	218,142

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017

At 31 MAY 2017

<u>Company</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	218,142	-	-	218,142
Other comprehensive (loss)/ income:				
Items that may be subsequently <u>reclassified to profit or loss</u>				
Net gains arising during the year	101,184	-	-	101,184
Net realised losses transferred to income statements	(3,995)	-	-	(3,995)
Deferred taxation	(23,090)	-	-	(23,090)
Change in available-for-sale fair value reserves	74,099	-	-	74,099
Other comprehensive income - net of tax, for the period	74,099	-	-	74,099
Total comprehensive income for the period	292,241	-	-	292,241

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

At 31 MAY 2016

<u>Company</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Gross earned premiums	156,860	3,833,910	-	3,990,770
Premiums ceded to reinsurers	(11,156)	(213,708)	-	(224,864)
Net earned premiums	145,704	3,620,202	-	3,765,906
Investment income	39,372	981,308	-	1,020,680
Net realised losses	(258)	(434)	-	(692)
Fair value (losses)/gains	(12)	240,103	-	240,091
Other operating income	4,686	12,744	-	17,430
Total net revenue	189,492	4,853,923	-	5,043,415
Gross benefits and claims paid	(59,063)	(3,076,378)	-	(3,135,441)
Claims ceded to reinsurers	2,541	89,037	-	91,578
Gross change to insurance contract liabilities	(1,364)	(854,463)	-	(855,827)
Change in insurance contract liabilities ceded to reinsurers	49	11,222	-	11,271
Net insurance benefits and claims	(57,837)	(3,830,582)	-	(3,888,419)
Fee and commission expenses	(29,138)	(370,145)	-	(399,283)
Management expenses	(50,168)	(343,489)	-	(393,657)
Other expenses	(79,306)	(713,634)	-	(792,940)

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

At 31 MAY 2016

<u>Company</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit before tax	52,349	309,707	-	362,056
Tax expense attributable to policyholders and unitholders	-	(75,778)	-	(75,778)
Profit before tax attributable to shareholders	52,349	233,929	-	286,278
Transfer from Revenue Accounts	233,929	(233,929)	-	-
Profit before tax attributable to shareholders	286,278	-	-	286,278
Tax expense attributable to shareholders	(67,404)	-	-	(67,404)
Profit after tax for the period	218,874	-	-	218,874

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE HALF-YEAR ENDED 31 MAY 2017

At 31 MAY 2016

<u>Company</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	218,874	-	-	218,874
Other comprehensive (loss)/ income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	112,458	-	-	112,458
Net realised losses transferred to income statements	723	-	-	723
Deferred taxation	(26,696)	-	-	(26,696)
Change in available-for-sale fair value reserves	86,485	-	-	86,485
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	176,376	-	-	176,376
Deferred taxation	(6,672)	-	-	(6,672)
Change in insurance contract liabilities	(142,292)	-	-	(142,292)
Change in asset revaluation reserves	27,412	-	-	27,412
Other comprehensive income - net of tax, for the period	113,897	-	-	113,897
Total comprehensive income for the period	332,771	-	-	332,771

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

18 INSURANCE FUNDS (CONTINUED)

**STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS AS AT
31 MAY 2017**

	Group and Company	
	31.05.2017	30.11.2016
	RM'000	RM'000
<u>Assets</u>		
Fair value through profit and loss financial assets	5,460,392	4,714,038
Other receivables	21,000	8,700
Cash and cash equivalents	164,637	315,324
Total assets	5,646,029	5,038,062
<u>Less: Liabilities</u>		
Other payables	9,068	43,051
Deferred tax liabilities	44,071	16,974
Current tax liabilities	5,585	935
Total liabilities	58,724	60,960
Net asset value of funds	5,587,305	4,977,102

**INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS FOR THE HALF-YEAR ENDED
31 MAY 2017**

	Group and Company	
	31.05.2017	31.05.2016
	RM'000	RM'000
Investment income	92,707	68,217
Fair value gains/(losses)	398,180	(100,915)
Other operating income	1,406	1,678
	492,293	(31,020)
Management expenses	(28,665)	(24,172)
Profit/(loss) before taxation	463,628	(55,192)
Taxation	(33,150)	(6,982)
Profit/(loss) for the period	430,478	(62,174)