

Registration No.

201101007816 (935955-M)

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30.06.2021			31.12.2020		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
ASSETS							
Property and equipment		440	-	440	505	-	505
Intangible assets		6,440	-	6,440	6,132	-	6,132
Right-of-use-assets		1,755	-	1,755	1,136	-	1,136
Available-for-sale financial assets	11(a)	382,248	3,311	385,559	214,327	3,374	217,701
Fair value through profit or loss financial assets	11(a)	7,905	1,866,279	1,874,184	8,092	1,711,590	1,719,682
Financing and receivables	12	8,569	-	8,569	-	17,216	17,216
Qard receivable		21,263	-	-	21,263	-	-
Other receivables	13	27,814	9,004	13,603	96,964	5,282	11,383
Retakaful assets	15	-	27,398	27,398	-	20,891	20,891
Takaful certificates receivables	14	-	3,551	3,551	-	2,069	2,069
Current tax assets		7,849	-	7,849	6,976	-	6,976
Cash and cash equivalents		24,410	191,549	215,959	30,687	240,641	271,328
Total assets		488,693	2,101,092	2,545,307	386,082	2,001,063	2,275,019
EQUITY							
Share capital		450,000	-	450,000	300,000	-	300,000
General reserves		(33,333)	-	(33,333)	(33,333)	-	(33,333)
Accumulated losses		(25,164)	(67,463)	(46,427)	(11,383)	(67,463)	(32,646)
Available-for-sale fair value reserves		3,871	83	3,954	8,748	138	8,886
Total equity		395,374	(67,380)	374,194	264,032	(67,325)	242,907

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONTINUED)

	30.06.2021			31.12.2020		
<u>Note</u>	<u>Shareholders' fund</u>	<u>Family takaful fund</u>	<u>Company</u>	<u>Shareholders' fund</u>	<u>Family takaful fund</u>	<u>Company</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES						
Expense liabilities	15,571	-	15,571	13,573	-	13,573
Takaful contract liabilities	15	2,043,606	2,043,606	-	1,801,576	1,801,576
Takaful certificates payables	-	13,275	13,275	-	20,043	20,043
Deferred tax liabilities	977	4,154	5,131	2,560	15,540	18,100
Qard payable	-	67,463	-	-	67,463	-
Lease liabilities	1,917	-	1,917	1,175	-	1,175
Other payables	16	35,506	87,145	104,742	162,512	176,391
Current tax liabilities	-	4,468	4,468	-	1,254	1,254
Total liabilities	<u>93,319</u>	<u>2,168,472</u>	<u>2,171,113</u>	<u>122,050</u>	<u>2,068,388</u>	<u>2,032,112</u>
Total equity and liabilities	<u>488,693</u>	<u>2,101,092</u>	<u>2,545,307</u>	<u>386,082</u>	<u>2,001,063</u>	<u>2,275,019</u>

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

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UNAUDITED CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

	6 months period ended 30.06.2021			6 months period ended 30.06.2020		
	Shareholders' fund	Family takaful fund	Company	Shareholders' fund	Family takaful fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	-	725,212	725,212	-	505,645	505,645
Contributions ceded to retakaful	-	(20,761)	(20,761)	-	(16,052)	(16,052)
Net earned contributions	-	704,451	704,451	-	489,593	489,593
Investment income	5,234	34,732	39,966	4,101	25,281	29,382
Fees and commission income	224,693	-	-	163,542	-	-
Net realised gains/(losses)	1,527	43,744	45,271	1	(12,137)	(12,136)
Fair value (losses)/gains	(187)	(127,919)	(128,106)	(42)	69,926	69,884
Other operating income	5,029	138	5,167	3,293	-	3,293
Total revenue	236,296	655,146	666,749	170,895	572,663	580,016
Gross benefits and claims paid	-	(212,039)	(212,039)	-	(176,029)	(176,029)
Claims ceded to retakaful operator	-	18,348	18,348	-	(7,077)	(7,077)
Gross change to certificate liabilities	-	(244,648)	(244,648)	-	(221,557)	(221,557)
Change in Takaful contract liabilities ceded to retakaful operator	-	6,507	6,507	-	6,636	6,636
Net benefits and claims	-	(431,832)	(431,832)	-	(398,027)	(398,027)

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UNAUDITED CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	6 months period ended 30.06.2021			6 months period ended 30.06.2020		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Fees and commission expenses	(179,265)	(224,693)	(179,265)	(108,623)	(163,542)	(108,623)
Management expenses	(63,933)	(1,334)	(65,267)	(58,559)	(1,223)	(59,782)
Other operating expenses	(237)	(4,935)	(5,172)	(10)	(3,142)	(3,152)
Change to expense liability	(1,998)	-	(1,998)	(1,154)	-	(1,154)
Bad and doubtful debts	(709)	(519)	(1,228)	(123)	(644)	(767)
Other expenses	(246,142)	(231,481)	(252,930)	(168,469)	(168,551)	(173,478)
(Loss)/Profit before taxation	(9,846)	(8,167)	(18,013)	2,426	6,085	8,511
Tax expense attributable to participants	-	8,167	8,167	-	(6,085)	(6,085)
(Loss)/Profit before taxation attributable to shareholders	(9,846)	-	(9,846)	2,426	-	2,426
Taxation	(3,935)	8,167	4,232	(1,956)	(6,085)	(8,041)
Tax expense attributable to participants	-	(8,167)	(8,167)	-	6,085	6,085
Tax expense attributable to shareholders	(3,935)	-	(3,935)	(1,956)	-	(1,956)
Net (loss)/profit for the period	(13,781)	-	(13,781)	470	-	470
(Loss)/Profit per share (sen): Basic and diluted			(4.07)			0.16

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

	<u>6 months period ended 30.06.2021</u>			<u>6 months period ended 30.06.2020</u>		
	<u>Shareholders' fund</u>	<u>Family takaful fund</u>	<u>Company</u>	<u>Shareholders' fund</u>	<u>Family takaful fund</u>	<u>Company</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the period	(13,781)	-	(13,781)	470	-	470
Other comprehensive (loss)/income:						
<u>Items that may be subsequently reclassified to profit or loss</u>						
Fair value change of available-for-sale financial assets	(6,416)	-	(6,416)	3,837	-	3,837
Deferred tax	1,540	5	1,545	(921)	(6)	(927)
Change in Takaful contract liabilities arising from unrealised fair value changes	-	(61)	(61)	-	74	74
Other comprehensive (loss)/income for the period	<u>(4,876)</u>	<u>(56)</u>	<u>(4,932)</u>	<u>2,916</u>	<u>68</u>	<u>2,984</u>
Total comprehensive (loss)/income for the period	<u>(18,657)</u>	<u>(56)</u>	<u>(18,713)</u>	<u>3,386</u>	<u>68</u>	<u>3,454</u>

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

	Share capital RM'000	General reserves RM'000	Non- distributable available- for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2021	300,000	(33,333)	8,886	(32,646)	242,907
Issuance of shares during the financial period	150,000	-	-	-	150,000
Total comprehensive loss for the financial period	-	-	(4,932)	(13,781)	(18,713)
At 30 June 2021	<u>450,000</u>	<u>(33,333)</u>	<u>3,954</u>	<u>(46,427)</u>	<u>374,194</u>
At 1 January 2020	300,000	(33,333)	4,697	(72,898)	198,466
Total comprehensive income for the financial period	-	-	2,984	470	3,454
At 30 June 2020	<u>300,000</u>	<u>(33,333)</u>	<u>7,681</u>	<u>(72,428)</u>	<u>201,920</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

	6 months period ended <u>30.06.2021</u> RM'000	6 months period ended <u>30.06.2020</u> RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation for the financial period	(18,013)	8,511
Adjustments for:		
Bad and doubtful debts	1,228	1,451
Bad debt written back	-	(684)
Depreciation of property and equipment	85	122
Depreciation of right of use assets	221	312
Amortisation of intangible assets	1,172	970
Net amortisation of premium on investments	1,680	972
Profit Income	(29,910)	(24,034)
Dividend Income	(11,736)	(6,320)
Finance cost of leases	33	35
Fair value losses/(gains) on fair value through profit or loss (FVTPL) financial assets	128,106	(69,884)
Operating profit/(loss) before working capital changes	<u>72,866</u>	<u>(88,549)</u>
Decrease in financing and receivables	8,481	26,400
(Increase)/Decrease in other receivables	(2,777)	917
Increase in Retakaful assets	(6,507)	(6,636)
Increase in Takaful certificates receivables	(2,153)	(4,774)
Increase in net Takaful contract liabilities	242,030	228,193
Decrease in Takaful certificates payables	(6,768)	(9,556)
(Decrease)/Increase in other payables	(89,246)	33,548
Increase in expenses liabilities	1,998	1,153
Increase in financial assets	(455,271)	(313,003)
Cash used in operating activities	<u>(237,347)</u>	<u>(132,307)</u>
Income tax paid	(4,851)	(1,990)
Finance cost of leases paid	(33)	(35)
Profit income received	27,271	21,585
Dividend received	11,189	6,579
Net cash used in operating activities	<u>(203,771)</u>	<u>(106,168)</u>
Cash flow from investing activities		
Purchase of property and equipment	(20)	(15)
Purchase of intangible assets	(1,480)	(1,261)
Net cash used in investing activities	<u>(1,500)</u>	<u>(1,276)</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	6 months period ended <u>30.06.2021</u> RM'000	6 months period ended <u>30.06.2020</u> RM'000
Cash flow from financing activity		
Repayment of lease liabilities	(98)	(304)
Proceeds from issuance of share capital	150,000	-
Net cash generated from/(used in) financing activity	<u>149,902</u>	<u>(304)</u>
Net decrease in cash and cash equivalents	(55,369)	(107,748)
Cash and cash equivalents at 1 January	<u>271,328</u>	<u>345,154</u>
Cash and cash equivalents at 30 June	<u>215,959</u>	<u>237,406</u>
Cash and cash equivalents comprised:		
Cash and bank balances	55,526	97,869
Fixed deposit with licensed Islamic Banks	160,433	139,537
	<u>215,959</u>	<u>237,406</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021

1 CORPORATE INFORMATION

The Company is engaged principally 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 immediate holding company and ultimate holding company of the Company are AIA Bhd., a company incorporated in Malaysia and AIA Group Limited, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, respectively.

The unaudited condensed interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 August 2021.

2 BASIS OF PREPARATION

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

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

The unaudited 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 Company's audited financial statements for the financial year ended 31 December 2020.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following:

- 3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Company's financial period beginning on or after 1 January 2021.

The following accounting standards, amendments and interpretations have been adopted for the first time for the financial period beginning on 1 January 2021:

- Interest Rate Benchmark Reform—Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The adoption of the above accounting standards, amendments and interpretations does not have any significant impact to the financial statements.

- 3.2 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:

Financial year beginning on/after 1 January 2022

- MFRS 116 "Proceeds before intended use"

Amendments to MFRS 116 "Proceeds before intended use" prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

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3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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

Financial year beginning on/after 1 January 2022 (continued)

- MFRS 3 “Reference to Conceptual Framework”

Amendments to MFRS 3 “Reference to Conceptual Framework” replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 “Provisions, contingent liabilities and contingent assets” and IC Interpretation 21 “Levies” when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

- MFRS 137 “onerous contracts - cost of fulfilling a contract”

Amendments to MFRS 137 “onerous contracts—cost of fulfilling a contract” clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR
THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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

Financial year beginning on/after 1 January 2023

• MFRS 17 “Insurance Contracts”

MFRS 17 “Insurance Contracts” which replaces MFRS 4 “Insurance Contracts” applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 “Revenue”. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the certificate holder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be ‘unbundled’ and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

MFRS 17 requires a current measurement model where estimates are re-measured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”) representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in the income statement or in the statement of comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less; and
- b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the certificate holder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

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3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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

Financial year beginning on/after 1 January 2023 (continued)

- MFRS 17 “Insurance Contracts” (continued)

Insurers are required to disclose information about amounts, judgments and risks arising from insurance contracts.

Amendments to MFRS 17 “Insurance Contracts” defers the effective date of MFRS 17 “Insurance Contracts”. An entity shall apply MFRS 17 and Amendments to MFRS 17 for annual reporting periods beginning on or after 1 January 2023. If an entity applies MFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply MFRS 9 “Financial Instruments” on or before the date of initial application of MFRS 17.

The Company is in the process of assessing the financial impact on the Company’s financial statements.

- Amendments to MFRS 101 “Classification of liabilities as current or non-current”

Amendments to MFRS 101 “Classification of liabilities as current or non-current” clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

4 SEASONALITY OF OPERATIONS

The business and operations of the Company was not materially affected by any seasonal or cyclical fluctuations during the financial period.

5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 June 2021.

6 CHANGES IN ESTIMATES

There were no change in estimates of amounts reported in prior interim period or financial year that has a material effect in the financial period.

7 ISSUANCE FOR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Company during the financial period.

8 DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the financial period ended 30 June 2021 that have not been reflected in the condensed interim financial statements.

10 SIGNIFICANT EVENTS

On 29 March 2021, the Company has allotted additional 150,000,000 ordinary shares in the capital of the Company credited as fully paid-up to the existing Members of the Company in proportion to the Members' shareholding for a total cash consideration of RM150,000,000, increasing its paid-up capital from RM300,000,000 to RM450,000,000 to support the Company's expansion plans and strengthen its capital position.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR
THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

11 FINANCIAL ASSETS

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

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2021</u>			
Available-for-sale financial assets:			
Government investment issues	83,304	1,572	84,876
Caqamas	5,011	-	5,011
Unquoted corporate sukuku	290,175	1,720	291,895
Income due and accrued	3,758	19	3,777
	<u>382,248</u>	<u>3,311</u>	<u>385,559</u>
Fair value through profit or loss financial assets:			
Government investment issues	-	231,585	231,585
Unquoted corporate sukuku	-	944,294	944,294
Quoted shariah approved shares	-	617,532	617,532
Unquoted shariah approved equities	7,905	36,164	44,069
Shariah approved unit trusts	-	13,642	13,642
REITs	-	8,031	8,031
Income due and accrued	-	15,031	15,031
	<u>7,905</u>	<u>1,866,279</u>	<u>1,874,184</u>

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THE 6 MONTHS PERIOD ENDED 30 JUNE 2021 (CONTINUED)

11 FINANCIAL ASSETS (CONTINUED)

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

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>31.12.2020</u>			
Available-for-sale financial assets:			
Government investment issues	33,302	1,622	34,924
Unquoted corporate sukus	178,601	1,733	180,334
Income due and accrued	2,424	19	2,443
	<u>214,327</u>	<u>3,374</u>	<u>217,701</u>
Fair value through profit or loss financial assets:			
Government investment issues	-	276,135	276,135
Unquoted corporate sukus	-	809,743	809,743
Quoted shariah approved shares	-	571,820	571,820
Unquoted shariah approved equities	8,092	21,310	29,402
Shariah approved unit trusts	-	11,083	11,083
REITs	-	8,486	8,486
Income due and accrued	-	13,013	13,013
	<u>8,092</u>	<u>1,711,590</u>	<u>1,719,682</u>

(b) Movement in carrying values

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>AFS</u>			
At 1 January 2020	133,651	3,799	137,450
Purchases	117,872	-	117,872
Disposals at fair value	(42,641)	(500)	(43,141)
Fair value gains recorded in:			
Other comprehensive income	5,404	89	5,493
Amortisation of premiums – net	(703)	(3)	(706)
Movement of investment income due and accrued	744	(11)	733
At 31 December 2020	<u>214,327</u>	<u>3,374</u>	<u>217,701</u>

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11 FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values (continued)

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>AFS</u> (continued)			
At 1 January 2021	214,327	3,374	217,701
Purchases	205,408	-	205,408
Disposals at fair value	(31,937)	-	(31,937)
Fair value losses recorded in:			
Other comprehensive income	(6,416)	(61)	(6,477)
Amortisation of premiums – net	(468)	(2)	(470)
Movement of investment income due and accrued	1,334	-	1,334
At 30 June 2021	<u>382,248</u>	<u>3,311</u>	<u>385,559</u>
<u>FVTPL</u>			
At 1 January 2020	8,035	1,073,692	1,081,727
Purchases	-	933,920	933,920
Disposals at amortised cost	-	(447,702)	(447,702)
Fair value gains recorded in:			
Profit or loss	57	148,740	148,797
Amortisation of premiums – net	-	(1,715)	(1,715)
Movement of investment income due and accrued	-	4,655	4,655
At 31 December 2020	8,092	1,711,590	1,719,682
Purchases	-	657,889	657,889
Disposals at amortised cost	-	(376,089)	(376,089)
Fair value losses recorded in:			
Profit or loss	(187)	(127,930)	(128,117)
Amortisation of premiums – net	-	(1,210)	(1,210)
Unrealised foreign exchange gain	-	11	11
Movement of investment income due and accrued	-	2,018	2,018
At 30 June 2021	<u>7,905</u>	<u>1,866,279</u>	<u>1,874,184</u>

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11 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:

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>AFS</u>		
<u>Shareholders' fund</u>		
Valuation techniques – market observable inputs (Level 2)	382,248	214,327
	<u>382,248</u>	<u>214,327</u>
<u>Family Takaful fund</u>		
Valuation techniques – market observable inputs (Level 2)	3,311	3,374
	<u>3,311</u>	<u>3,374</u>
<u>Company</u>		
Valuation techniques – market observable inputs (Level 2)	385,559	217,701
	<u>385,559</u>	<u>217,701</u>
<u>FVTPL</u>		
<u>Shareholders' fund</u>		
Valuation techniques – market observable inputs (Level 2)	7,905	8,092
	<u>7,905</u>	<u>8,092</u>
<u>Family Takaful fund</u>		
Quoted market price (Level 1)	641,233	592,869
Valuation techniques – market observable inputs (Level 2)	1,225,046	1,118,721
	<u>1,866,279</u>	<u>1,711,590</u>
<u>Company</u>		
Quoted market price (Level 1)	641,233	592,869
Valuation techniques – market observable inputs (Level 2)	1,232,951	1,126,813
	<u>1,874,184</u>	<u>1,719,682</u>

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11 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

A level is assigned to each fair value measurement based on the significance 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 prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing services 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 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 Company's own data.

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11 FINANCIAL ASSETS (CONTINUED)

(d) Interests in structured entities

The Company has determined that the investment funds in mutual funds are structured entities.

The following table summarizes the Company's investment in unconsolidated structured entities as at 30 June 2021 and 31 December 2020:

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Investment Funds (1)		
Equity securities at fair value through profit or loss	<u>21,673</u>	<u>19,569</u>

Notes:

(1) Balance represents the Company's interests in mutual funds.

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 profit income are received during the reporting period from these interests in unconsolidated structured entities.

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12 FINANCING AND RECEIVABLES

	Shareholders' <u>fund</u> RM'000	Family Takaful <u>fund</u> RM'000	<u>Company</u> RM'000
<u>30.06.2021</u>			
Financing and receivables:			
Islamic investment accounts with licensed Islamic Banks	8,519	-	8,519
Accrued profit	50	-	50
	<u>8,569</u>	<u>-</u>	<u>8,569</u>
<u>31.12.2020</u>			
Financing and receivables:			
Islamic investment accounts with licensed Islamic Banks	-	17,000	17,000
Accrued profit	-	216	216
	<u>-</u>	<u>17,216</u>	<u>17,216</u>

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

	Shareholders' <u>fund</u> %	Family Takaful <u>fund</u> %	<u>Company</u> %
<u>30.06.2021</u>			
Financing and receivables:			
Islamic investment accounts with licensed Islamic Banks	<u>2.03</u>	<u>-</u>	<u>2.03</u>
<u>31.12.2020</u>			
Financing and receivables:			
Islamic investment accounts with licensed Islamic Banks	<u>-</u>	<u>2.35</u>	<u>2.35</u>

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13 OTHER RECEIVABLES

Receivables of the Company are classified as financing and receivables and are as follows:

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2021</u>			
Due from Family Takaful fund (Note 16)	23,215	-	-
Other receivables and deposits	6,251	9,004	15,255
Allowance for impairment	(1,652)	-	(1,652)
	<u>27,814</u>	<u>9,004</u>	<u>13,603</u>

31.12.2020

Due from Family Takaful fund (Note 16)	90,863	-	-
Other receivables and deposits	7,201	5,282	12,483
Allowance for impairment	(1,100)	-	(1,100)
	<u>96,964</u>	<u>5,282</u>	<u>11,383</u>

Movement in allowance for impairment

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2021</u>			
At 1 January	(1,100)	-	(1,100)
Allowance for impairment during the period	(552)	-	(552)
At 30 June	<u>(1,652)</u>	<u>-</u>	<u>(1,652)</u>

31.12.2020

At 1 January	(1,071)	-	(1,071)
Allowance for impairment during the year	(29)	-	(29)
At 31 December	<u>(1,100)</u>	<u>-</u>	<u>(1,100)</u>

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14 TAKAFUL CERTIFICATES RECEIVABLES

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Family Takaful fund/Company</u>		
Due contribution including from agents/ brokers and co-takaful	9,109	6,955
Allowance for impairment	<u>(5,558)</u>	<u>(4,886)</u>
Net amount of financial assets presented in the statement of financial position	<u>3,551</u>	<u>2,069</u>
Receivable within 12 months	3,551	2,069

The following table shows the assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at the end of the financial period 30 June 2021 and financial year ended 31 December 2020:

<u>Offsetting financial assets and financial liabilities</u>	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
Gross amount of recognised financial assets	9,473	7,324
Less:		
Gross amount of recognised financial liabilities set off in the statement of financial position	<u>(364)</u>	<u>(369)</u>
Net amount of financial assets presented in the statement of financial position	<u>9,109</u>	<u>6,955</u>

Movement in allowance for impairment

At 1 January	(4,886)	(2,988)
Allowance during the financial period/year		
- borne by Shareholders' fund	(157)	(921)
- borne by Family Takaful fund	<u>(515)</u>	<u>(977)</u>
At 30 June/31 December	<u>(5,558)</u>	<u>(4,886)</u>

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15 TAKAFUL CONTRACT LIABILITIES

Family Takaful fund/Company

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
<u>30.06.2021</u>			
Participants' Risk Fund			
Claims liabilities	96,958	(26,968)	69,990
Actuarial liabilities	260,180	(430)	259,750
Net asset value attributable to certificate holders	1,432,707	-	1,432,707
AFS fair value adjustment	90	-	90
Underwriting profit attributable to participants	-	-	-
Unallocated surplus	253,671	-	253,671
	<u>2,043,606</u>	<u>(27,398)</u>	<u>2,016,208</u>
<u>31.12.2020</u>			
Participants' Risk Fund			
Claims liabilities	87,548	(20,396)	67,152
Actuarial liabilities	247,899	(495)	247,404
Net asset value attributable to certificate holders	1,272,113	-	1,272,113
AFS fair value adjustment	150	-	150
Underwriting profit attributable to participants	14,996	-	14,996
Unallocated surplus	178,870	-	178,870
	<u>1,801,576</u>	<u>(20,891)</u>	<u>1,780,685</u>

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15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Family Takaful fund/Company (continued)

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
Movement of Takaful contract liabilities:			
<u>30.06.2021</u>			
At 1 January 2021	1,801,576	(20,891)	1,780,685
Increase in claims liabilities	9,410	(6,572)	2,838
Certificate movement	12,281	65	12,346
Increase in net asset value			
attributable to certificate holders	160,594	-	160,594
Decrease in AFS fair value adjustment	(60)	-	(60)
Decrease in underwriting profit			
distributable to participants	(14,996)	-	(14,996)
Unallocated surplus	74,801	-	74,801
	<u>2,043,606</u>	<u>(27,398)</u>	<u>2,016,208</u>
At 30 June 2021	<u>2,043,606</u>	<u>(27,398)</u>	<u>2,016,208</u>
<u>31.12.2020</u>			
At 1 January 2020	1,283,307	(13,355)	1,269,952
Increase in claims liabilities	16,735	(7,613)	9,122
Certificate movement	76,499	77	76,576
Increase in net asset value			
attributable to certificate holders	347,071	-	347,071
Increase in AFS fair value adjustment	89	-	89
Increase in underwriting profit			
distributable to participants	2,746	-	2,746
Unallocated surplus	75,129	-	75,129
	<u>1,801,576</u>	<u>(20,891)</u>	<u>1,780,685</u>
At 31 December 2020	<u>1,801,576</u>	<u>(20,891)</u>	<u>1,780,685</u>

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16 OTHER PAYABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>30.06.2021</u>			
Sundry payables	7,900	10,364	18,264
Accruals and provisions	59,037	1,830	60,867
Due to shareholders' fund (Note 13)	-	23,215	-
Due to related company	7,917	97	8,014
	<u>74,854</u>	<u>35,506</u>	<u>87,145</u>
<u>31.12.2020</u>			
Sundry payables	16,519	54,690	71,209
Accruals and provisions	55,483	16,926	72,409
Due to shareholders' fund (Note 13)	-	90,863	-
Due to related company	32,740	33	32,773
	<u>104,742</u>	<u>162,512</u>	<u>176,391</u>

* Total amounts in Shareholders' fund and Family Takaful fund do not equate amount in Company due to elimination of inter-fund balances.

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17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2021 and 31 December 2020, as prescribed under Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") are as follows:

Company	30.06.2021 RM'000	31.12.2020 RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	450,000	300,000
Accumulated losses	(25,164)	(11,383)
Valuation surplus maintained in the Family Takaful funds	176,138	64,163
	<u>600,974</u>	<u>352,780</u>
<u>Tier 2 Capital</u>		
General reserves	(33,333)	(33,333)
Available for sale reserves	3,954	8,886
<i>Qard</i>	67,463	67,463
	<u>38,084</u>	<u>43,016</u>
Amount deducted from capital in accordance with paragraph 9.9 of RBCT Framework	27,746	27,379
Total Capital Available	<u>613,474</u>	<u>368,417</u>

18 CAPITAL COMMITMENTS

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

	30.06.2021 RM'000	31.12.2020 RM'000
<u>Capital expenditure:</u>		
Approved and contracted for: Intangible assets	<u>1,348</u>	<u>-</u>

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19 INVESTMENT-LINKED TAKAFUL FUNDS

Included in the unaudited condensed Income Statement for financial period ended 30 June 2021 and 30 June 2020, and unaudited condensed Statement of Financial Position as at 30 June 2021 and 31 December 2020 of the Family Takaful fund are the segmental information for the investment-linked Takaful funds.

(a) Statement of Income and Expenditure

	<u>30.06.2021</u> RM'000	<u>30.06.2020</u> RM'000
Investment income	13,370	8,006
Net fair value (losses)/gains	(39,397)	32,211
	<u>(26,027)</u>	<u>40,217</u>
Other operating expenses	(4,933)	(3,141)
(Loss)/Profit before taxation	(30,960)	37,076
Taxation	2,897	(2,797)
(Loss)/Profit after taxation	<u>(28,063)</u>	<u>34,279</u>

(b) Statement of Financial Position

	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
ASSETS		
Fair value through profit or loss financial assets:		
Government investment issues	25,058	42,725
Unquoted corporate sukuk	90,920	82,576
Quoted shariah approved shares	522,539	476,900
Unquoted shariah approved equities	31,737	16,778
Shariah approved unit trust fund	20,258	18,074
Income due and accrued	2,873	2,412
Other receivables	71	12
Cash and cash equivalents	111,420	99,895
Current tax assets	-	3
Total assets	<u>804,876</u>	<u>739,375</u>

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19 INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)

(b) Statement of Financial Position (continued)

	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
LIABILITIES		
Other payables	2,319	1,720
Deferred tax liabilities	2,587	9,342
Current tax liabilities	3,856	-
Total liabilities	<u>8,762</u>	<u>11,062</u>
Net asset value of funds	<u>796,114</u>	<u>728,313</u>