Company No.

790895	D

AIA BHD.
(Formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

Company No.

790895	D

AIA BHD.
(Formerly known as American International Assurance Bhd.)
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REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

CONTENTS

Company No.

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AIA BHD.
(Formerly known as American International Assurance Bhd.)
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the annual audited financial statements of the Group and of the Company for the financial year ended 30 November 2013.

PRINCIPAL ACTIVITIES

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 stated in Note 7 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	668,193	687,660

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 30 November 2012:	
Final single tier dividend of 124.1% (RM1.24 per ordinary share) on 241,706,000 ordinary shares, paid on 2 May 2013	300,000

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year ended 30 November 2013, of 41.7% on 767,438,174 ordinary shares, amounting to RM320 million (RM0.42 per ordinary share), subject to the approval of Bank Negara Malaysia ("BNM"), will be proposed for shareholdersôapproval.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONTINUED)

PROVISION FOR INSURANCE LIABILITIES

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital ("RBC") Framework for Insurers issued by BNM.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

DIRECTORS' REPORT (CONTINUED)

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than the effects of transition from Financial Reporting Standards (ñFRSò) to Malaysian Financial Reporting Standards (ñMFRSò) and the transfer of the insurance business from Premium Policy Berhad (formerly known as ING Insurance Berhad) as disclosed in Note 46 to the financial statements respectively.

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

CHANGES IN THE COMPOSITION OF THE GROUP

On 11 March 2013, the Group acquired the remaining 30% of the share capital of AIA AFG Takaful Bhd. (ñAATBò) from the remaining shareholder by way of a voluntary offering for an aggregate consideration of RM45 million. The purchase of this 30% share in AATB is related to the integration exercise of the family takaful businesses of both AATB and AIA Public Takaful Bhd. under a single licensed takaful operator.

On 16 April 2013, AIA Takaful International Bhd. (ñATIBò), a subsidiary of the Group, has completed the liquidation process and dissolved on 16 July 2013.

CHANGE IN THE NAME OF THE GROUP AND THE COMPANY

On 17 June 2013, The Group and the Company changed its name from American International Assurance Bhd. to AIA Bhd.

DIRECTORS’ REPORT (CONTINUED)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 17 June 2013, AIA Company Limited, the holding company of the Company has transferred the insurance business of Premium Policy Berhad (“PPB”, formerly known as ING Insurance Berhad) to the Company (“business transfer”). In return, the Company has increased it authorised share capital from 500 million ordinary shares of RM1.00 each to 800 million ordinary shares of RM1.00 each and issued 525,732,174 new ordinary shares of RM1.00 each, at an issue price of RM2.30 per share to PPB as purchase consideration for the business transfer.

DIRECTORS

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

Dato’ Thomas Mun Lung Lee
Mohd Daruis bin Zainuddin
Dato’ Wee Hoe Soon @ Gooi Hoe Soon
Ng Keng Hooi
Foong Sai Cheong (Resigned on 13 December 2013)
William Lisle (Appointed on 15 March 2013)

DIRECTORS’ BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with any Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS’ INTEREST

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

	Number of ordinary shares of US$1.00 each			
	As at 1 December 2012/ date of appointment	**Bought**	**Sold**	**As at 30 November 2013**
AIA Group Limited				
Direct Interest				
Foong Sai Cheong	27,191	3,509	-	30,700
Ng Keng Hooi	37,704	3,527	-	41,231
William Lisle	5,310	1,402	-	6,712
Indirect Interest				
Ng Keng Hooi	61,200	-	-	61,200

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AIA BHD.
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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTEREST (CONTINUED)

	Number of matching restricted stock purchase unit over ordinary shares of US$1.00 each under Employee Share Purchase Share Plan			
	As at 1 December 2012/ date of appointment	Granted	Exercised	As at 30 November 2013
AIA Group Limited				
Foong Sai Cheong	2,576	1,714	-	4,290
Ng Keng Hooi	1,743	1,733	-	3,476
William Lisle	2,636	669	-	3,305

	Number of restricted share units over ordinary shares of US$1.00 each			
	As at 1 December 2012/ date of appointment	Granted	Exercised	As at 30 November 2013
AIA Group Limited				
Foong Sai Cheong	180,023	67,523	-	247,546
Ng Keng Hooi	2,693,531	407,437	-	3,100,968
William Lisle	1,607,043	-	-	1,607,043

	Number of share options over ordinary shares of US$1.00 each			
	As at 1 December 2012/ date of appointment	Granted	Exercised	As at 30 November 2013
AIA Group Limited				
Foong Sai Cheong	179,028	37,371	-	216,399
Ng Keng Hooi	2,534,908	676,486	-	3,211,394
William Lisle	2,247,115	-	-	2,247,115

Employee share purchase plan, restricted share units and share options are granted to certain employees, directors and officers of the Company under the Employee Share Purchase Plan, Restricted Share Unit Scheme and Share Option Scheme of AIA Group Limited respectively. Details of the employee share purchase plan, restricted share units and share options are set out in Note 41 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

At the date of Statements of Financial Position, the immediate holding company of the Company is Premium Policy Berhad (formerly known as ING Insurance Berhad), whose ultimate holding company is AIA Group Limited ("AIAGL"), a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE

The Company has taken concerted steps to ensure compliance with BNM's Prudential Framework of Corporate Governance for Insurers and its best practice applications at all times.

(A) BOARD RESPONSIBILITIES AND OVERSIGHT

The Board of Directors ("the Board") is responsible for the overall governance of the Company and discharges this responsibility through compliance with the Financial Services Act, 2013 ("the Act"), Insurance Regulations, 1996 ("the Regulations"), Guidelines on Minimum Standards for Prudential Management of Insurers (Consolidated) and Prudential Framework of Corporate Governance for Insurers issued by BNM and other directives, in addition to adopting other best practices on corporate governance.

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

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

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

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

Name of Directors		**No. of attendance**
William Lisle (Appointed on 15 March 2013)	Member (Executive)	7/7
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)	8/8
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)	8/8
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	7/8
Ng Keng Hooi	Member (Non-Independent Non-Executive)	7/8
Foong Sai Cheong (Resigned on 13 December 2013)	Member (Non-Independent Non-Executive)	8/8

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

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

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

Nominating Committee

As at the date of this report, the Nominating Committee (ñNCò) comprises six members as follows:

DatoôThomas Mun Lung Lee	Chairman (Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ng Keng Hooi	Member (Non-Independent Non-Executive)
Foong Sai Cheong (Resigned on 15 March 2013)	Member (Non-Independent Non-Executive)
William Lisle (Appointed on 15 March 2013)	Member (Executive)

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

The principal duties and responsibilities of the NC are:

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

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

(c) establishing a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each director to the effectiveness of the Board, the contribution of the Boardôs various committees and the performance of the CEO. The assessments should also include ascertaining that the director is not disqualified under the relevant law and fulfill the ôfit and properö criteria;

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

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

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

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Nominating Committee (continued)

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

Name of members		No. of attendance
Datoô Thomas Mun Lung Lee	Chairman (Independent Non-Executive)	4/4
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)	4/4
Datoô Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	4/4
Ng Keng Hooi	Member (Non-Independent Non-Executive)	4/4
Foong Sai Cheong (Resigned on 15 March 2013)	Member (Non-Independent Non-Executive)	1/1
William Lisle (Appointed on 15 March 2013)	Member (Executive)	3/3

Remuneration Committee

As at the date of this report, the Remuneration Committee (ñRCò) comprises four members as follows:

Datoô Thomas Mun Lung Lee	Chairman (Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)
Ng Keng Hooi	Member (Non-Independent Non-Executive)
Datoô Wee Hoe Soon @ Gooi Hoe Soon (Appointed on 21 November 2013)	Member (Independent Non-Executive)

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

The principal duties and responsibilities of the RC are:

(a) recommending a framework for the remuneration of directors, the CEO and KSOs. The remuneration policy should:

- be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;

- reflect the experience and level of responsibility borne by individual directors, the CEO and KSOs;

- be sufficient to attract and retain directors, CEO and KSOs of calibre needed to manage the Company successfully; and

- be balanced against the need to ensure that the funds of the Company are not used to subsidies excessive remuneration packages and should not create incentives for irresponsible behavior or insider excesses.

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DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Remuneration Committee (continued)

(b) recommending specific remuneration packages for directors, CEO and KSOs. The remuneration packages should:

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

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

Name of members		**No. of attendance**
DatoôThomas Mun Lung Lee	Chairman (Independent Non-Executive)	4/4
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)	4/4
Ng Keng Hooi	Member (Non-Independent Non-Executive)	4/4
DatoôWee Hoe Soon @ Gooi Hoe Soon (Appointed on 21 November 2013)	Member (Independent Non-Executive)	1/1

Risk Management Committee

As at the date of this report, the Risk Management Committee (ĩRMCǒ) comprises four members as follows:

Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)
Ng Keng Hooi	Member (Non-Independent Non-Executive)
DatoôWee Hoe Soon @ Gooi Hoe Soon (Appointed on 21 November 2013)	Member (Independent Non-Executive)

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

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Risk Management Committee (continued)

The principal duties and responsibilities of the RMC are:

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

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

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

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

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

Name of members		**No. of attendance**
Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)	4/4
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)	4/4
Ng Keng Hooi	Member (Non-Independent Non-Executive)	3/4
DatoôWee Hoe Soon @ Gooi Hoe Soon (Appointed on 21 November 2013)	Member (Independent Non-Executive)	0/0

Audit Committee

As at the date of this report, the Audit Committee (ñACò) comprises three members as follows:

Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Audit Committee (continued)

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

The principal duties and responsibilities of the AC are:

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

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

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

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

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

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

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

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

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

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

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

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

AIA BHD.
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DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Audit Committee (continued)

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

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

Name of members		**No. of attendance**
Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)	6/6
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)	6/6
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	6/6

During the financial year, the AC members have met twice with the external auditors without the presence of the management.

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employee and formal performance appraisal is done annually. Information is effectively communicated to the relevant employee within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company has, in any circumstances, conflict of interest referred to in Sections 54 and 55 of the Act.

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

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on agreed terms as specified under BNM's Guidelines on Related-Party Transactions and Prudential Framework of Corporate Governance for Insurers. Related parties transactions and balances have been disclosed in the financial statements in compliance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

DIRECTORS’ REPORT (CONTINUED)

(D) INTERNAL CONTROLS AND OPERATIONAL RISKS MANAGEMENT

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

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

(E) INTERNAL AUDIT

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

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

(F) PUBLIC ACCOUNTABILITY

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

(G) FINANCIAL REPORTING

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

(H) AUDIT COMMITTEE

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

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DIRECTORS' REPORT (CONTINUED)

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors passed on 19 February 2014.

WILLIAM LISLE DIRECTOR	DATOôTHOMAS MUN LUNG LEE DIRECTOR

Kuala Lumpur

Company No.

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

We, William Lisle and DatoôThomas Mun Lung Lee, two of the Directors of AIA Bhd. (formerly known as American International Assurance Bhd.), state that, in the opinion of the Directors, the accompanying financial statements set out on pages 18 to 215 are drawn up so as to show a true and fair view of the state of affair of the Group and of the Company as at 30 November 2013 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors passed on 19 February 2014.

WILLIAM LISLE
DIRECTOR

DATOôTHOMAS MUN LUNG LEE
DIRECTOR

Kuala Lumpur

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

I, Anusha A/P Thavarajah, the officer primarily responsible for the financial management of AIA Bhd. (formerly known as American International Assurance Bhd.), do solemnly and sincerely declare that the financial statements for the financial year ended 30 November 2013 set out on pages 18 to 215 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

ANUSHA A/P THAVARAJAH

Subscribed and solemnly declared by the abovenamed Anusha A/P Thavarajah at Kuala Lumpur in the Federal Territory on 19 February 2014.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA BHD. (FORMERLY KNOWN AS AMERICAN INTERNATIONAL ASSURANCE BHD.)
(Company No. 790895-D)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AIA Bhd. (formerly known as American International Assurance Bhd.), which comprise the statements of financial position as at 30 November 2013 of the Group and of the Company, the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and explanatory notes, as set out on pages 18 to 215.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA BHD. (CONTINUED)
(Formerly known as American International Assurance Bhd.)
(Company No. 790895-D)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 November 2013 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

JAYARAJAN A/L U. RATHINASAMY
(No. 2059/06/14(J))
Chartered Accountant

Kuala Lumpur

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2013

	Note	Group			Company		
		30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Assets							
Property, plant and equipment	3	272,666	139,485	145,523	271,306	138,247	144,408
Investment properties	4	344,131	38,505	40,191	344,131	38,505	40,191
Prepaid land lease payments	5	1,276	671	689	1,276	671	689
Intangible assets	6	38,187	10,007	60,635	37,944	10,007	60,635
Investment in subsidiaries	7	-	-	-	143,000	104,600	76,600
Investment in associate	8	22,345	22,795	36,989	88	88	12,035
Available-for-sale financial assets	9	7,058,308	3,174,384	3,147,491	7,003,986	3,111,915	3,073,470
Fair value through profit or loss financial assets	10	29,168,443	16,805,196	14,504,103	29,045,614	16,731,432	14,487,598
Loans and receivables	11	4,376,811	1,986,618	2,091,714	4,364,013	1,986,607	2,091,952
Reinsurance/ retakaful assets	12	100,794	12,048	11,096	100,794	12,048	11,096
Insurance/takaful receivables	13	364,096	153,502	143,302	364,096	153,502	143,302
Cash and cash equivalents		613,893	384,008	789,364	581,416	319,639	762,399
Total assets		42,360,950	22,727,219	20,971,097	42,257,664	22,607,261	20,904,375
Equity and liabilities							
Share capital	14	767,438	241,706	241,706	767,438	241,706	241,706
Share premium		683,452	-	-	683,452	-	-
Retained earnings	15	2,257,972	1,232,929	1,154,921	2,319,579	1,253,191	1,157,994
Available-for-sale fair value reserves		(40,888)	126,974	121,144	(42,511)	125,313	120,315
Proposed dividend reserves		320,000	300,000	350,000	320,000	300,000	350,000
Foreign currency translation reserves		-	(941)	(661)	-	-	-
Total equity attributable to:							
Owners of the parent		3,987,974	1,900,668	1,867,110	4,047,958	1,920,210	1,870,015
Non-controlling interest		-	23,833	27,666	-	-	-
Total equity		3,987,974	1,924,501	1,894,776	4,047,958	1,920,210	1,870,015

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2013 (CONTINUED)

				Group			Company
	Note	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Insurance/takaful contract liabilities	16	33,015,043	16,986,676	15,670,584	32,888,749	16,891,383	15,638,192
Deferred tax liabilities	17	456,240	380,600	343,408	456,250	375,095	339,748
Insurance/takaful payables	18	4,353,163	2,910,881	2,763,404	4,352,286	2,910,161	2,763,295
Current tax liabilities		59,766	13,497	33,084	59,757	13,449	33,079
Other payables	19	488,764	511,064	265,841	452,664	496,963	260,046
Total liabilities		38,372,976	20,802,718	19,076,321	38,209,706	20,687,051	19,034,360
Total equity and liabilities		42,360,950	22,727,219	20,971,097	42,257,664	22,607,261	20,904,375

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

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Gross earned premiums/ contributions		5,097,842	3,348,611	5,011,433	3,249,735
Premiums/contributions ceded to reinsurers/ retakaful operators		(153,690)	(99,606)	(151,101)	(98,409)
Net earned premiums/ contributions revenue	24	4,944,152	3,249,005	4,860,332	3,151,326
Investment income	25	1,360,018	954,128	1,356,781	950,831
Net realised gains	26	1,998	6,909	1,912	6,211
Fair value (losses)/gains	27	(413,860)	496,890	(413,020)	496,343
Other operating expense	28	(107,768)	(85,197)	(93,785)	(75,987)
Total net revenue		5,784,540	4,621,735	5,712,220	4,528,724
Gross benefits and claims paid	29 (a)	(2,990,684)	(2,050,293)	(2,975,577)	(2,046,460)
Claims ceded to reinsurers/ retakaful operators	29 (b)	98,892	33,326	97,681	33,326
Gross change to insurance/ takaful contract liabilities	29 (c)	(790,932)	(1,334,703)	(759,934)	(1,271,800)
Change in insurance/takaful contract liabilities ceded to reinsurers/retakaful operators	29 (d)	(18,960)	785	(18,960)	785
Net insurance/takaful benefits and claims		(3,701,684)	(3,350,885)	(3,656,790)	(3,284,149)
Fee and commission expenses		(673,742)	(430,428)	(651,425)	(410,844)
Management expenses	30	(546,324)	(329,248)	(513,617)	(303,150)
Other expenses		(1,220,066)	(759,676)	(1,165,042)	(713,994)

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

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit before share of profit/(loss) from associate		862,790	511,174	890,388	530,581
Share of profit/(loss) from associate		3,050	(392)	-	-
Profit before taxation		865,840	510,782	890,388	530,581
Tax expense attributable to policyholders and unitholders		(44,647)	(84,006)	(44,588)	(83,781)
Profit before tax attributable to shareholders		821,193	426,776	845,800	446,800
Tax expense	31	(197,647)	(186,963)	(202,728)	(185,384)
Tax expense attributable to policyholders and unitholders		44,647	84,006	44,588	83,781
Tax expense attributable to shareholders		(153,000)	(102,957)	(158,140)	(101,603)
Profit for the financial year		668,193	323,819	687,660	345,197
Profit attributable to:					
Owners of the parent		669,490	328,008	687,660	345,197
Non-controlling interest		(1,297)	(4,189)	-	-
		668,193	323,819	687,660	345,197
Basic earnings per share (sen)	32	138.8	135.7	142.6	142.8

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

AIA BHD.
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(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year	668,193	323,819	687,660	345,197
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net (loss)/gain arising during the financial year	(224,807)	15,405	(223,893)	13,123
Net realised gain transferred to Income Statement	(1,609)	(6,763)	(1,523)	(6,065)
Deferred taxation	57,843	(2,456)	57,592	(2,060)
Foreign currency translation adjustments	941	(280)	-	-
Other comprehensive (loss)/income - net of tax, for the financial year	(167,632)	5,906	(167,824)	4,998
Total comprehensive income for the financial year	500,561	329,725	519,836	350,195
Total comprehensive income attributable to:				
Owners of the parent	501,751	333,558	519,836	350,195
Non-controlling interest	(1,190)	(3,833)	-	-
	500,561	329,725	519,836	350,195

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

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

Group

	Attributable to equity holders of the Company								
						Distributable			
	Share capital	Share premium	Foreign currency translation reserves	Available-for-sale fair value reserves	Share-based reserves	Retained earnings*	Proposed dividend reserves	Non-controlling interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 December 2012	241,706	-	(941)	126,974	-	1,232,929	300,000	23,833	1,924,501
Reserves arising from business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	-	-	-	-	-	698,728	-	-	698,728
Total comprehensive (loss)/income for the financial year	-	-	941	(168,680)	-	669,490	-	(1,190)	500,561
Share options granted under employee share options scheme	-	-	-	-	8,123	-	-	-	8,123
Share options paid during the financial year	-	-	-	-	(8,123)	-	-	-	(8,123)
Dividend paid for the financial year ended 30 November 2012 (Note 33)	-	-	-	-	-	-	(300,000)	-	(300,000)
Share capital issued	525,732	683,452	-	-	-	-	-	-	1,209,184
Acquisition of non-controlling interest	-	-	-	818	-	(23,175)	-	(22,643)	(45,000)
Earnings transfer to proposed dividend reserves	-	-	-	-	-	(320,000)	320,000	-	-
At 30 November 2013	767,438	683,452	-	(40,888)	-	2,257,972	320,000	-	3,987,974

*Included in retained earnings is RM1,959 million which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholder upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary of the Company.

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

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

Group					**Attributable to equity holders of the Company**			
					Distributable			
	Share capital	**Foreign currency translation reserves**	**Available-for-sale fair value reserves**	**Share-based reserves**	**Retained earnings***	**Proposed dividend reserves**	**Non-controlling interest**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 December 2011	241,706	(661)	121,144	-	1,154,921	350,000	27,666	1,894,776
Total comprehensive (loss)/ income for the financial year	-	(280)	5,830	-	328,008	-	(3,833)	329,725
Share options granted under employee share options scheme	-	-	-	2,539	-	-	-	2,539
Share options paid during the financial year	-	-	-	(2,539)	-	-	-	(2,539)
Dividend paid for the financial year ended 30 November 2011 (Note 33)	-	-	-	-	-	(300,000)	-	(300,000)
Earnings transfer to proposed dividend reserves	-	-	-	-	(250,000)	250,000	-	-
At 30 November 2012	241,706	(941)	126,974	-	1,232,929	300,000	23,833	1,924,501

* Included in retained earnings is RM983 million which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholder upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary of the Company.

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

Company No.

790895	D

AIA BHD.
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(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

Company	Attributable to equity holders of the Company						
					Distributable		
	Share capital	**Share premium**	**Available-for-sale fair value reserves**	**Share-based reserves**	**Retained earnings***	**Proposed dividend reserves**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 December 2012	241,706	-	125,313	-	1,253,191	300,000	1,920,210
Reserves arising from business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	-	-	-	-	698,728	-	698,728
Total comprehensive (loss)/income for the financial year	-	-	(167,824)	-	687,660	-	519,836
Share options granted under employee share options scheme	-	-	-	7,735	-	-	7,735
Share options paid during financial the year	-	-	-	(7,735)	-	-	(7,735)
Dividend paid for the financial year ended 30 November 2012 (Note 33)	-	-	-	-	-	(300,000)	(300,000)
Share capital issued	525,732	683,452	-	-	-	-	1,209,184
Earnings transfer to proposed dividend reserves	-	-	-	-	(320,000)	320,000	-
At 30 November 2013	767,438	683,452	(42,511)	698,728	2,319,579	320,000	4,047,958

* Included in retained earnings is RM1,959 million which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholder upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary of the Company.

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

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

Company	Attributable to equity holders of the Company					
				Distributable		
	Share capital	**Available-for-sale fair value reserves**	**Share-based reserves**	**Retained earnings***	**Proposed dividend reserves**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 December 2011	241,706	120,315	-	1,157,994	350,000	1,870,015
Total comprehensive income for the financial year	-	4,998	-	345,197	-	350,195
Dividend paid for the financial year ended 30 November 2011 (Note 33)	-	-	-	-	(300,000)	(300,000)
Share options granted under employee share options scheme	-	-	2,219	-	-	2,219
Share options paid during the financial year	-	-	(2,219)	-	-	(2,219)
Earnings transfer to proposed dividend reserves	-	-	-	(250,000)	250,000	-
At 30 November 2012	241,706	125,313	-	1,253,191	300,000	1,920,210

*Included in retained earnings is RM983 million which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholder upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary of the Company.

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

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**821,193**	**426,776**	**845,800**	**446,800**
Adjustments:				
Tax expense attributable to policyholders and unitholders	44,647	84,006	44,588	83,781
Investment income	(938,847)	(957,231)	(936,762)	(953,930)
Realised gains recorded in Income Statements	(2,221)	(6,763)	(1,523)	(6,065)
Fair value losses/(gains) recorded in Income Statements	410,730	(496,890)	413,020	(496,343)
Realised losses on foreign exchange	2,345	3,474	1,404	3,474
Depreciation				
- property, plant and equipment	22,736	15,733	22,242	15,393
- investment properties	8,851	1,686	8,851	1,686
Amortisation				
- prepaid land lease payments	22	18	22	18
- intangible assets	5,301	5,204	5,301	5,204
Write off of property, plant and equipment	8	2	8	2
Write off of intangible assets	-	59,806	-	59,806
Gain on sale of property, plant and equipment	(378)	(146)	(378)	(146)
Net unrealised losses on foreign exchange	10,149	8,426	10,149	8,426
Impairment loss on investments	-	-	249	-
Impairment loss on intangible assets	-	12,656	-	12,656
Allowance for impairment losses/ (reversal of allowance)	48,440	(9,784)	48,440	(9,784)
Share of loss from associate	(3,050)	392	-	-

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

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Changes in working capital:				
Increase in AFS and FVTPL financial assets	(1,598,741)	(1,814,877)	(1,579,809)	(1,772,535)
Decrease/(increase) in reinsurance/ retakaful assets	18,042	(952)	18,042	(952)
Decrease/(increase) in insurance/takaful receivables	124,987	(1,379)	124,987	(1,379)
Decrease in loans and receivables	268,061	102,087	284,919	102,365
Increase in insurance/takaful payables	336,933	147,477	336,778	146,866
Increase in obligation on securities sold under repurchase agreements	-	329,056	-	329,056
Decrease in other payables	(171,789)	(83,776)	(197,857)	(92,139)
Increase in insurance/takaful contract liabilities	577,514	1,316,161	546,513	1,253,192
Cash used in operating activities	(15,067)	(858,838)	(5,016)	(864,548)
Income taxes paid	(202,274)	(171,813)	(202,595)	(171,727)
Interest income received	683,993	820,364	683,490	820,297
Profit income received	4,270	4,279	-	-
Dividends received	110,031	125,670	109,756	125,397
Net cash inflows/(outflows) from operating activities	580,953	(80,338)	585,635	(90,581)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(32,601)	(27,038)	(32,601)	(27,038)
Purchase of property, plant and equipment	(10,657)	(9,697)	(9,798)	(9,234)
Proceed for collective investment scheme	(20,000)	-	-	-
Acquisition of subsidiary from non-controlling interests	(45,000)	-	(45,000)	(28,000)

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

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED)				
Proceeds from capital repayment from investment in associate	-	11,947	-	11,947
Proceeds from disposal of property, plant and equipment	414	146	414	146
Proceed from liquidation of a subsidiary	-	-	6,351	-
Net cash received upon business transfer (Note 46)	56,776	-	56,776	-
Net cash outflows from investing activities	(51,068)	(24,642)	(23,858)	(52,179)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(300,000)	(300,000)	(300,000)	(300,000)
Net cash outflows from financing activities	(300,000)	(300,000)	(300,000)	(300,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	229,885	(404,980)	261,777	(442,760)
Effect of exchange rate changes	-	(376)	-	-
CASH AND CASH EQUIVALENTS AT 1 DECEMBER	384,008	789,364	319,639	762,399
CASH AND CASH EQUIVALENTS AT 30 NOVEMBER	613,893	384,008	581,416	319,639

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

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 stated in Note 7 to the financial statements.

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

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act, 1965 and the Financial Services Act, 2013 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 are Premium Policy Berhad (formerly known as ING Insurance 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 financial statements are authorised for issue by the Board on 19 February 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of all the years presented.

2.1 Basis of preparation

The financial statements of the Group and the Company are prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company for the financial year 30 November 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 “First time adoption of MFRS”. The Group and Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 December 2011 (transition date) and throughout all years presented, as if the policies had always been in effect. The impact of the transition to MFRS on the Group’s and Company’s comparative figures for 2012 in reported financial position, financial performance and cash flows have been disclosed in Note 44.

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards and International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise judgement in the process of applying the Company’s accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual result may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.4.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Groupôs share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Non-controlling interests are presented within equity and represent the portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. Non-controlling interests are measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and their share of change in the subsidiaries' equity since that date. Acquisition and disposal of non-controlling interests are treated as transactions between equity holders.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiariesô accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Associates (continued)

Investments in associates are accounted for in the Group's financial statements using the equity method of accounting and are initially recognised at cost. Under the equity method, the investment in associates is carried in the Group's Statements of Financial Position at cost adjusted for post-acquisition changes in the Group◆s share of net assets of the associate. The Group◆s share of its associates' post-acquistion profit is recognised in the Group's Income Statements and its share of post acquisition movement in other comprehensive income is recognised in the Group's Statements of Comprehensive Income.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group◆s interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group◆s net investment in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group◆s share of the net fair value of the associate◆s identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group◆s share of the associate◆s profit or loss in the period in which the investment is acquired.

When the Group◆s share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group◆s net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not consistent with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements up to the end of the accounting period. Uniform accounting policies are adopted for transactions and events in similar circumstances.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(b) Business combination under common control

Business combinations under common control are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, the income statements include the results of the acquired business from the date of combinations. The assets and liabilities of the acquired business are accounted for at the date of combination, based on the carrying amounts of the acquiree adjusted for alignment of accounting policies, if any. The excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to retained earnings.

(c) Investment in subsidiaries and associates under the Company's separate financial statements

In the Company's separate financial statements, investments in subsidiaries and associates are stated at cost less impairment losses. Income from investment in associates is recognised in the Income Statements to the extent of dividends received subsequent to the date of acquisition.

(d) Property, plant and equipment and depreciation

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment and depreciation (continued)

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

The gain and loss on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the Income Statements.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land, which considered as finance lease, is depreciated over its remaining lease term. Major building improvements are depreciated over the shorter of the remaining useful lives of the related assets or 10 years. Depreciation of other property and equipment is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, as summarised as follows :

Leasehold land	799 ï 999 years
Buildings	30 years
Furniture, fixtures and fittings	5 ï 10 years
Office equipment	2 ï 5 years
Motor vehicles	5 years

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciation policy for investment properties are in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Income Statements in the financial year in which they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each date of Statements of Financial Position. The amortisation expense on intangible assets with finite lives is recognised in the Income Statements.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Income Statements when the asset is derecognised.

Software

The cost of acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, generally not exceeding a period of 5 years.

The cost of significant development of knowledge-based software and computer application to meet the unique requirements of the insurance/takaful business is capitalised and recognised as an intangible asset in accordance with FRS 138. The Group establishes that these development costs will generate economic benefits beyond one year and are associated with identifiable software applications controlled by the commissioning, on a straight-line basis over its useful economic life. The carrying amount is assessed for impairment when there is an indication of impairment.

Bancassurance distribution rights

The exclusive bancassurance agreement provides the Group with an exclusive right to use the bancassurance network of a bank. The agreement fee is amortised over its useful life using the straight-line method. The carrying amount is assessed for impairment when there is an indication of impairment.

Membership fees

The membership fees are in relation to club membership subscription. The membership fees with finite lives are amortised over its useful life using the straight-line method and those with infinite lives are subject to impairment test.

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(g) Impairment of non-financial assets

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

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

(h) Financial assets and financial liabilities

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

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

<u>FVTPL</u>

Financial assets at FVTPL comprise two sub-categories:

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

FVTPL (continued)

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

- financial assets held to back investment-linked contracts and participating funds; and

- other financial assets managed on a fair value basis; consisting of the Group's equity portfolio and investments held by the Group's fully consolidated investment-linked fund.

Financial assets at FVTPL are initially recorded at fair value. Subsequent to initial recognition, financial assets at FVTPL are remeasured at fair value. Fair value adjustments and realised gain and losses on derecognition are recognised in the Income Statements. Transaction costs in respect of financial assets at FVTPL are expensed as they are incurred.

Fair value changes of financial assets at FVTPL are analysed between change resulting from foreign currency fluctuation and other fair value changes. Foreign currency fluctuation and other fair value changes are included under other operating income/(expense) and fair value gains/(losses) in the Income Statements respectively.

Dividend income from equity instruments designated at fair value through profit or loss is recognised as investment income in the Income Statements, generally when the security becomes ex-dividend or the right to receive payment is establised. Interest income is recognised in the Income Statements using effective interest method.

LAR

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

Interest income from loans and receivables is recognised in the Income Statements using the effective interest rate method. Gains and losses are recognised in the Income Statements when the investments are derecognised or impaired, as well as through the amortisation process.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

AFS

Financial assets, other than those at FVTPL, LAR and HTM, are classified as AFS. AFS category is used where the relevant investments backing insurance and investment contract liabilities and shareholders' equity are not managed on a fair value basis. These principally consist of the Group's debt securities (other than those backing participating funds and investment-linked contracts). AFS financial assets are initially recognised at fair value plus attributable transaction costs. For AFS debt securities, the difference between their cost and par value is amortised. AFS financial assets are subsequently measured at fair value.

Interest income from debt securities classified as AFS is recognised in the Income Statements using the effective interest method.

Unrealised gains and losses on securities classified as AFS are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences on monetary AFS investments, such as debt securities, and impairment of AFS financial assets are recognised under "other operating income/(expense)" in the Income Statements.

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

On derecognition, the cumulative fair value gains and losses previously reported in equity are transferred to the Income Statements.

Financial Liabilities

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(i) Fair value of financial instruments

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

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. 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 fair value of floating rate and over-night deposits with financial institutions is their carrying value i.e. the cost of the deposits/placements and accrued interest/profits.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(j) Impairment of financial assets

<u>**General**</u>

Financial assets are assessed for impairment on a regular basis. A financial asset is impaired if its carrying value exceeds the estimated recoverable amount and there is objective evidence of impairment to the financial asset. The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset, or group of financial assets, is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

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

AFS financial assets

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

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

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

(k) Derecognition of financial assets

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(l) Equity instruments

Ordinary share capital

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

Dividends on ordinary share capital

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

(m) Repurchase agreement

Obligations on securities sold under repurchase agreements are securities which have been sold from the Group's portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the Statements of Financial Position.

The securities sold under repurchase agreements are treated as pledged assets and are not derecognised from the Statements of Financial Position.

(n) Product classification

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

Investment contracts are those contracts without significant insurance/takaful risk. Once a contract has been classified as an insurance/takaful or investment contract, no reclassification is subsequently performed unless the terms of the agreement are later amended.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(n) Product classification (continued)

Certain contracts with discretionary participation features ("DPF") supplement the amount of guaranteed benefits due to policyholders/certificateholders. These contracts are distinct from other insurance/takaful and investment contracts as the Group has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders/certificateholders. Customers may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

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

At least 90% of surpluses in the DPF funds must be distributed to the policyholders as a group in accordance with the relevant terms under the Financial Services Act, 2013. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities.

Certain derivatives embedded in insurance contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Income Statements.

The Group does not separately measure embedded derivatives that meet the definition of an insurance contract or embedded options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate). All other embedded derivatives are separated and carried at fair value if they are not closely related to the host insurance contract and meet the definition of a derivative.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(n) Product classification (continued)

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of an internal investment fund set up by the Group with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

The recognition and measurement of life insurance/family takaful contracts and general insurance contracts are set out in Note 2.2(n) and 2.2(o) respectively.

(o) Life insurance/family takaful contracts

Gross premium/contribution

Premium/contribution income includes premium/contribution recognised in the ordinary life/family takaful and investment-linked business. Gross premium/contribution is recognised as soon as the amount of the premium/contribution can be reliably measured. First premium/contribution is recognised from inception date and subsequent premium/contribution is recognised when it is due.

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

Premium/contribution income of investment-linked business is in respect of the net creation of units which represents premiums/contributions paid by policyholders/certificate holders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

Commission and agency expenses of life insurance business

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies are charged to the Income Statements in the year in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(o) Life insurance/family takaful contracts (continued)

Management expenses, commission expenses and wakalah fee of family takaful business

Acquisition costs, commissions and management expenses are borne by the Family Takaful fund at an agreed percentage of the gross contribution, in accordance with the principles of Wakalah as approved by the Shariah Committee of the subsidiary engaged in the takaful business and agreed between the participants and the subsidiary. These expenses are allocated to the shareholdersô fund via wakalah fee and recognised as income by the shareholders' fund upon issuance of certificates.

At each reporting date, the Group estimates its net future expense cash flow required on the maintenance of the family takaful fund. If the estimate shows that there is deficiency in the net future expense cash flow, the deficiency is immediately charged to the Income Statements with a corresponding credit to a provision of expense liabilities.

Benefits, claims and expenses

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

Benefits and claims arising on life insurance policies/family takaful certificates, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy/family takaful certificate are recognised as follows:

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

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

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

(iv) bonus on DPF policy upon declaration.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(o) Life insurance/family takaful contracts (continued)

<u>Life insurance contract liabilities</u>

Life insurance contract liabilities comprise (i) claims liabilities, (ii) actuarial liabilities, (iii) unallocated surplus, and (iv) net asset value attributable to unitholders.

(i) Claim liabilities

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

(ii) Actuarial liabilities

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

Actuarial liabilities are valued, where appropriate by using a prospective actuarial valuation based on the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate.

The expected future cash flows are determined using best estimate assumptions. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is provided for in the valuation of non-participating policies and non-unit liabilities of investment-linked policies, and in the valuation of participating policies on guaranteed benefits only.

Actuarial liabilities in respect of a participating insurance contract is taken as the higher of the guaranteed benefit insurance liabilities or the total benefit insurance liabilities at the fund level derived as stated above.

In the case of a life policy where the future premiums are indeterminate, the reserve is determined as the higher of the gross premium valuation (“GPV”) reserve or the accumulated amount, plus the unearned cost of insurance. The GPV calculation includes assumptions regarding the pattern of premium payments as the product has a flexible premium nature. In this regard, assumptions are made on the proportion of policyholders taking premium holidays in future.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, this asset value is eliminated at fund level.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(o) Life insurance/family takaful contracts (continued)

Life insurance contract liabilities (continued)

(ii) Actuarial liabilities (continued)

The valuation of the non-unit liability is conducted for each investment-linked policy by a cash flow projection. The liability in respect of the non-unit component of an investment-linked policy is valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the reserves shall be the higher of the current accumulated amount, or the sum of the current accumulated amount and a reserve calculated on the net cash flows. These cash flows shall, where appropriate, be determined by considering the projected future values of the accumulated amount, at the relevant confidence level.

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

Adjustments to the actuarial liabilities at each reporting date are recorded in the Income Statements.

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

(iii) Unallocated surplus

Surpluses of contracts with DPF are attributable to policyholders and shareholders and the amount and timing of the distribution to both the policyholders and shareholders are determined by an actuarial valuation of the long term liabilities to policyholders at the date of Statements of Financial Position is made in accordance with the provision of the Financial Services Act, 2013 and related regulation by the Company's Appointed Actuary.

Unallocated surplus of contracts with DPF, where the amount are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial year, are held within the insurance contract liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(o) Life insurance/family takaful contracts (continued)

Life insurance contract liabilities (continued)

(iv) Net asset value attributable to unitholders

The unit liability of investment-linked policy is equal to the net asset value of the investment-linked funds, which represents net premium received and investment returns credited to the policy less deduction for mortality and mobility costs and expense charges.

Family takaful contract liabilities

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

(i) Claims liabilities

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

(ii) Actuarial liabilities

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

Actuarial liabilities as determined by the annual actuarial valuation are based on the Guidelines on Valuation Basis for Liabilities of Family Takaful Business by BNM pursuant to the Islamic Financial Services Act, 2013 ("IFSA").

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(o) Life insurance/family takaful contracts (continued)

Family takaful contract liabilities (continued)

(ii) Actuarial liabilities (continued)

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

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

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

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

(iii) Net asset value attributable to participants

Net asset value represents contribution received and investment surplus credited to the policy less deduction for mortality and morbility cost and expenses charges. The net asset value attributable to participants of Investment-linked policy is equal to the net asset value of the Investment-linked funds.

(iv) Unallocated surplus

Unallocated surplus represents undistributable underwriting surplus set aside in accordance with the terms of the contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(p) General insurance contracts

Gross premium

Gross premium income is recognised in the period in respect of risks assumed during that particular period.

Acquisition costs and deferred acquisition costs (“DAC”)

The costs of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums, are recognised as incurred and properly allocated to the period in which it is probable they give rise to income.

Commission costs are deferred to the extent that these cost are recoverable out of future premium. All other acquisition costs are charged to the Income Statements in the period in which they are incurred.

Subsequent to initial recognition, these costs are amortised on a straight-line basis based on the terms of expected future premiums. Amortisation is recognised in the Income Statements.

An impairment review is performed at each date of Statements of Financial Position or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the Income Statements.

DAC is also considered in the liability adequacy test for each accounting period. DAC is derecognised when the related contracts are either settled or disposed of.

DAC is insignificant and hence is netted against premium liabilities in the financial statements.

Claims and expenses

Claims and loss adjustment expenses are charged to the Income Statements as incurred based on the estimated liabilities for compensation owed to policyholders or third parties damaged by the policyholders. They include direct and indirect claims settlements costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(p) General insurance contracts (continued)

General insurance contracts liabilities

General insurance contracts liabilities are recognised when contracts are entered into and premiums are charged. These liabilities comprise of (i) unearned premium reserves and (ii) claims liabilities.

(i) Unearned Premium Reserves

The Unearned Premium Reserves ("UPR") represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of policies at the end of the year. In determining the UPR at the date of Statements of Financial Position, the method that most accurately reflects the actual unearned premiums is used as follows:

(i) 25% method for marine cargo, aviation cargo and transit business,

(ii) 1/24th method for all other classes of Malaysian policies; and

(iii) time apportionment method for non-annual policies.

At each reporting date, the Group reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premium. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions and a Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall fund level. The current estimate of future contractual cash flow is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and shall allow for expected future premium refunds.

If these estimates show that the carrying amount of the unearned premium less related deferred acquisition costs is inadequate, the deficiency is recognised in the Income Statements by setting up a provision for liability adequacy.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(p) General insurance contracts (continued)

General insurance contracts liabilities (continued)

(ii) Claims liabilities

Claims liabilities are determined based on the estimated ultimate cost of all claims incurred but not settled at the date of Statements of Financial Position, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the date of Statements of Financial Position.

The liabilities are calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions at best estimate and a PRAD calculated at the overall fund level. The liabilities are not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised.

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

The liability adequacy test has been in-built in the estimation of claims liabilities and hence no separate assessment is carried out.

(q) Reinsurance/retakaful

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

Premiums/contributions ceded and claims reimbursed are recognised in the same accounting period as the original policy/contract in which the reinsurance/retakaful relates, and are presented on a gross basis in the Income Statements and Statements of Financial Position.

Fee income derived from reinsurers/retakaful operators in the course of reinsurance/retakaful are credited to the Income Statements in the financial year in which they are earned.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(q) Reinsurance/retakaful (continued)

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

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

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

The Company also assumes reinsurance risk in the normal course of business for general insurance contracts when applicable.

Premiums and claims on assumed facultative reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Premiums, claims and other transactions costs on assumed treaty reinsurance are accounted for upon notification by the ceding companies or upon receipt of the statements of accounts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(r) Insurance/takaful receivables

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

If there is objective evidence that the insurance/takaful receivable is impaired, the Group reduces the carrying amount of the insurance/takaful receivable accordingly and recognises that impairment loss in the Income Statements. The Group gathers the objective evidence that an insurance/takaful receivables is impaired using the same process adopted for financial assets carried at amortised cost. These processes are described in Note 2.2(i).

(s) Other financial liabilities and insurance payables

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

(t) Provisions

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

(u) Cash and cash equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(v) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of lands are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification.

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

In the case of a lease of land and buildings, the minimum lease payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease.

Assets leased out under operating leases are represented on the Statements of Financial Position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(w) Employee benefits

(i) Short term benefits

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

(ii) Post retirement benefit obligations

Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the Income Statements as incurred. Once the contributions have been paid, the Group has no further payment obligations.

Define benefit plans

The Group operates two unfunded post retirement employee benefit schemes, whose members receive benefits on a defined benefit basis (related to length of service). The defined benefit plans provide life and medical benefits for employees after retirement.

For defined benefit plans, the benefit obligation is calculated using the projected unit credit method by independent actuaries. Under this method, the cost of providing benefits is charged to the Income Statements so as to spread the regular cost over the service lives of employees, in accordance with the advice of qualified actuaries. The obligation is measured as the present value of the estimated future cash outflows, using a discount rate based on government bond yield that have terms to maturity approximating the terms of the related liability. The resulting scheme surplus or deficit appears as an asset or liability in the Statements of Financial Position.

For each plan, the Group recognises a portion of its actuarial gains and losses in the Income Statements if the unrecognised actuarial net gain or loss at the end of the previous reporting period exceeds the greater of :

- 10% of the projected benefit obligations at that date; or
- 10% of the fair value of any plan assets at that date.

Any recognised actuarial net gain or loss exceeding the greater of these two values is generally recognised in the Income Statements over the expected average remaining service period of the employees participating in the plans.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

(ii) Post retirement benefit obligations (continued)

<u>Define benefit plans</u> **(continued)**

In addition to the contributions made to the statutory EPF, the Company contributes to a funded scheme for eligible employees based on a defined benefit plan. This fund is known as the Orange Policy Sdn. Bhd. Staff Gratuity Scheme (formerly known as ING Management Holdings (Malaysia) Sdn. Bhd. Staff Gratuity Scheme) ("the Scheme") and was established pursuant to a trust deed in April 2004.

The Company's obligations under the Scheme are calculated using the Projected Unit Credit Method, and is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains or losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iii) Share-based compensation plans

AIA Group Limited (“AIAGL”) launched a number of share-based compensation plans, under which the Company receives services from the employees, directors and officers as consideration for the shares and/or options of AIAGL. These share-based compensation plans comprise the Share Option Scheme (“SO Scheme”), the Restricted Share Unit Scheme (“RSU Scheme”), and the Employee Share Purchase Plan (“ESPP”).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

(iii) Share-based compensation plans (continued)

The AIA Group's share compensation plans offered to the Group's employees are equity-settled plans. Under the equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of AIAGL's shares and/or options is recognised as an expense in the Income Statements over the vesting period with a corresponding amount recorded in equity. Any amounts recharged from AIAGL related to equity-settled share-based payment arrangements are offsetted against the amounts recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and/or options granted. Non-market vesting conditions are included in assumptions for the number of shares and/or options that are expected to be vested. At each period end, the Group revises its estimates of the number of shares and/or options that are expected to be vested. Any impact of the revision to original estimates is recognised in Income Statements with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognized as a separate award, and therefore the fair value of each tranche is recognised over the applicable vesting period.

The Group estimates the fair value of options using a binomial lattice model. This model requires inputs such as share price, implied volatility, risk free interest rate, expected dividend rate and the expected life of the option.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

(x) Provision for agents' retirement benefits

Provision for agents' retirement benefits is calculated in accordance with the terms and conditions in the respective agents' agreements. The scheme is not separately funded. The Company pays fixed contributions into the Agency Provident Fund.

Provision for agents' retirement benefits is charged to profit or loss in the period in which it relates.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(y) Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

(iii) Operation denominated in functional currency other than Ringgit Malaysia

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

(i) equity items are translated at their respective historical rate,

(ii) assets and liabilities for each Statements of Financial Position presented are translated at the closing rate at the date of that Statements of Financial Position;

(iii) income and expenses for each Income Statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iv) all resulting exchange differences are recognised as a separate component of equity under the foreign currency translation reserve.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(z) Taxation

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of Statements of Financial Position. Deferred tax is recognised in the Income Statements, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity in which case the deferred tax is also charged or credited in other comprehensive income.

(aa) Other revenue recognition

(i) Rental income

Rental income is recognised on accruals basis.

(ii) Gains and losses on disposal of investments

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and effects arising from adoption of revised Malaysian Financial Reporting Standards (MFRS)

(a) 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:

<u>Financial year beginning on/after 1 December 2013</u>

- MFRS 10 ñConsolidated financial statementsò (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 ñConsolidated and separate financial statementsò and IC Interpretation 112 ñConsolidation ï special purpose entitiesò.

- MFRS 12 ñDisclosures of interests in other entitiesò (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 ñInvestments in associatesò. It requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entityøs interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 ñFair value measurementò (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 ñFinancial instruments: Disclosuresò, but apply to all assets and liabilities measured at fair value, not just financial ones.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and effects arising from adoption of revised Malaysian Financial Reporting Standards (MFRS) (continued)

(a) 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)

Financial year beginning on/after 1 December 2013 (continued)

- The revised MFRS 127 “Separate financial statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 “Investments in associates and joint ventures” (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 119 “Employee benefits” (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- Amendment to MFRS 7, ‘Financial Instruments: Disclosures’ (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognized financial instruments that are offset in the statements of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

Financial year beginning on/after 1 December 2014

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and effects arising from adoption of revised Malaysian Financial Reporting Standards (MFRS) (continued)

(a) 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)

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

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

Financial year beginning on/after 1 December 2017

- MFRS 9, ‘Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities’ (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. 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. The Group is yet to assess MFRS 9’s full impact. The Group will also consider the impact of the remaining phases of MFRS 9 when completed by the Board.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and effects arising from adoption of revised Malaysian Financial Reporting Standards (MFRS) (continued)

(a) 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 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 finalized any impact on the financial statements of the adoption of the above accounting standards.

2.4 Critical accounting estimates and judgements in applying accounting policies

In the preparation of the financial statements, management has made judgements and estimates in applying accounting policies in respect of the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the judgements made by management that have the most significant effect on the amount recognised in the financial statements:

<u>**Key sources of estimation uncertainty**</u>

(a) Actuarial liabilities for life business and premium liabilities for accident & health contracts, and medical plans with coverage more than one year under general business

There are several sources of uncertainty in the estimation of these liabilities, including future mortality and morbidity, withdrawals, expenses and discount rates. In developing the operating assumptions, management has utilised the Company's actual historical experience wherever available. For certain products where experience is limited, experience for similar products or pricing assumptions has been used.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical accounting estimates and judgements in applying accounting policies (continued)

Key sources of estimation uncertainty (continued)

(a) Future policy benefits for life business and accident & health contracts, and medical plans with coverage more than one year under general business (continued)

Prescribed risk-free discount rates are used for discounting of cash flows to value Ringgit Malaysia denominated liabilities of non-DPF life policies, the guaranteed liabilities under participating policies and the non-unit liabilities of investment-linked policies. The risk-free discount rate was based on a weighted average of zero-coupon spot yields of Malaysian Government Securities ("MGS").

For Australian Dollar-denominated non-DPF life policies, the discount rate is based on a weighted average zero-coupon yield of Australian government securities.

Where total guaranteed and non-guaranteed benefits of the DPF funds are considered, the discount rate assumed is the current portfolio yield graded to the long-term interest rate assumption for the DPF fund.

The key assumptions used and the sensitivity analysis on the key assumptions as at 30 November 2013, based on the change in one specific assumption while holding all other assumptions constant as disclosed in the note of 39 to the financial statements.

(b) Valuation of general insurance contract liabilities

For general insurance contract, Bornheutter-Ferguson ("BF") methods are used to estimate ultimate cost of outstanding claims.

BF method basically assumes that the claim experience for an accident year will produce a particular loss ratio and adjusted with subsequent actual claim experience.

The estimates of general insurance contract liabilities are therefore sensitive to various factors and uncertainties. These uncertainties may arise from changes in expected loss ratio used for each accident years and changes in average claim settlement period. Thus, the general settlement of eventual insurance contract liabilities may vary from the estimates.

The key assumptions used and the sensitivity analysis on the key assumptions as at 30 November 2013, based on the change in one specific assumption while holding all other assumptions constant as disclosed in the note of 39 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical accounting estimates and judgements in applying accounting policies (continued)

Key sources of estimation uncertainty (continued)

(c) Actuarial liabilities of family takaful contracts

The estimation of the actuarial liabilities of family takaful is made in accordance with the guidelines issued by BNM.

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

For family takaful fund, the cash flow reserves were set up using a discounted cash flow method, with sufficient PRAD, to ensure that any future negative cash flow resulting from insufficiency of tabarru' charges to meet expected family takaful contract benefits are eliminated.

An additional unearned tabarru' reserve was set up for plans with dripping model.

Incurred but not reported (ñIBNRò) reserve was set up based on average number of months of expected delayed claims.

A portion of the resulted net surplus was also set aside as reserve for family takaful fund management. In the event of a deficit in the family takaful fund in subsequent years, the reserve will be used as first charge to pay for any shortfall before the Qard Hassan is channeled from the Shareholdersô fund.

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings owner occupied properties	Motor vehicles	Furniture fixtures and fittings	Office equipment	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2013								
Cost								
At 1 December 2012	3,576	3,786	223,840	898	30,530	57,942	2,092	322,664
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	6,470	2,550	88,640	3,990	201	10,253	-	112,104
Additions	-	-	45	-	1,614	3,582	5,173	10,414
Disposal	-	-	-	(1,004)	-	(370)	-	(1,374)
Written off	-	-	-	-	-	(14)	-	(14)
Reclass from investment properties (Note 4)	1,000	-	62,556	-	-	-	-	63,556
Reclass from intangible assets (Note 6)	-	-	-	-	-	7,746	-	7,746
Reclassification	-	-	-	-	2,105	-	(2,105)	-
At 30 November 2013	11,046	6,336	375,081	3,884	34,450	79,139	5,160	515,096

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
At 30 November 2013 (continued)								
Accumulated Depreciation								
At 1 December 2012	-	112	112,953	434	23,230	46,450	-	183,179
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	-	4	1,844	2,612	5	5,761	-	10,226
Depreciation charge for the financial year (Note 30)	-	3	11,580	526	3,505	7,121	-	22,735
Disposal	-	-	-	(972)	-	(365)	-	(1,337)
Written off	-	-	-	-	-	(6)	-	(6)
Reclass from investment properties (Note 4)	-	-	27,633	-	-	-	-	27,633
At 30 November 2013	-	119	154,010	2,600	26,740	58,961	-	242,430
Net Book Value at 30 November 2013	11,046	6,217	221,071	1,284	7,710	20,178	5,160	272,666

As at 30 November 2013, RM8,064,000 (2012: Nil) of the net carrying amount of office equipment were under finance lease.

AIA BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
At 30 November 2012								
Cost								
At 1 December 2011	3,576	3,786	222,554	856	27,919	52,139	2,634	313,464
Additions	-	-	502	471	467	5,867	2,390	9,697
Disposals	-	-	-	(429)	-	-	-	(429)
Written off	-	-	(4)	-	-	(64)	-	(68)
Reclassification	-	-	788	-	2,144	-	(2,932)	-
At 30 November 2012	3,576	3,786	223,840	898	30,530	57,942	2,092	322,664
Accumulated Depreciation								
At 1 December 2011	-	108	105,044	689	20,214	41,886	-	167,941
Depreciation charge for the financial year (Note 30)	-	4	7,911	174	3,016	4,628	-	15,733
Disposals	-	-	-	(429)	-	-	-	(429)
Written off	-	-	(2)	-	-	(64)	-	(66)
At 30 November 2012	-	112	112,953	434	23,230	46,450	-	183,179
Net Book Value at 30 November 2012	3,576	3,674	110,887	464	7,300	11,492	2,092	139,485

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

3 **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Group (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
At 1 December 2011								
Cost								
At 1 December 2010	3,576	3,786	222,406	875	25,386	43,382	-	299,411
Foreign exchange translation	-	-	-	(19)	(4)	(8)	-	(31)
Additions	-	-	132	-	1,253	8,769	3,968	14,122
Written off	-	-	-	-	(34)	(4)	-	(38)
Reclassification	-	-	16	-	1,318	-	(1,334)	-
At 30 November 2011	3,576	3,786	222,554	856	27,919	52,139	2,634	313,464
Accumulated Depreciation								
At 1 December 2010	-	104	97,144	528	17,754	38,000	-	153,530
Foreign exchange translation	-	-	-	(9)	(3)	(8)	-	(20)
Depreciation charge for the financial year (Note 30)	-	4	7,900	170	2,483	3,895	-	14,452
Written off	-	-	-	-	(20)	(1)	-	(21)
At 30 November 2011	-	108	105,044	689	20,214	41,886	-	167,941
Net Book Value at 30 November 2011	3,576	3,678	117,510	167	7,705	10,253	2,634	145,523

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
As at 30 November 2013								
Cost								
At 1 December 2012	3,576	3,786	223,840	858	29,534	57,249	2,092	320,935
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	6,470	2,550	88,640	3,990	201	10,253	-	112,104
Additions	-	-	45	-	1,610	2,970	5,173	9,798
Disposal	-	-	-	(1,004)	-	(370)	-	(1,374)
Written off	-	-	-	-	-	(14)	-	(14)
Reclass from investment properties (Note 4)	1,000	-	62,556	-	-	-	-	63,556
Reclass from intangible assets (Note 6)	-	-	-	-	-	7,746	-	7,746
Reclassification	-	-	-	-	2,105	-	(2,105)	-
At 30 November 2013	11,046	6,336	375,081	3,844	33,450	77,834	5,160	512,751

Company No.

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AIA BHD.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
As at 30 November 2013 (continued)								
Accumulated Depreciation								
At 1 December 2012	-	112	112,953	320	23,050	46,253	-	182,688
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	-	4	1,844	2,612	5	5,761	-	10,226
Depreciation charge for the financial year (Note 30)	-	3	11,580	519	3,306	6,834	-	22,242
Disposal	-	-	-	(972)	-	(366)	-	(1338)
Written off	-	-	-	-	-	(6)	-	(6)
Reclass from investment properties (Note 4)	-	-	27,633	-	-	-	-	27,633
At 30 November 2013	-	119	154,010	2,479	26,361	58,476	-	241,445
Net Book Value at 30 November 2013	11,046	6,217	221,071	1,365	7,089	19,358	5,160	271,306

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
As at 30 November 2012								
Cost								
At 1 December 2011	3,576	3,786	222,554	706	27,920	51,826	1,766	312,134
Additions	-	-	502	581	338	5,423	2,390	9,234
Disposal	-	-	-	(429)	-	-	-	(429)
Written off	-	-	(4)	-	-	-	-	(4)
Reclassification	-	-	788	-	1,276	-	(2,064)	-
At 30 November 2012	3,576	3,786	223,840	858	29,534	57,249	2,092	320,935
Accumulated Depreciation								
At 1 December 2011	-	108	105,044	585	20,214	41,775	-	167,726
Depreciation charge for the financial year (Note 30)	-	4	7,911	164	2,836	4,478	-	15,393
Disposal	-	-	-	(429)	-	-	-	(429)
Written off	-	-	(2)	-	-	-	-	(2)
At 30 November 2012	-	112	112,953	320	23,050	46,253	-	182,688
Net Book Value at 30 November 2012	3,576	3,674	110,887	538	6,484	10,996	2,092	138,247

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AIA BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture fixtures and fittings RM'000	Office equipment RM'000	Work in progress RM'000	Total RM'000
As at 1 December 2011								
Cost								
At 1 December 2010	3,576	3,786	222,406	706	25,348	43,310	-	299,132
Additions	-	-	132	-	1,254	8,516	3,100	13,002
Reclassification	-	-	16	-	1,318	-	(1,334)	-
At 30 November 2011	3,576	3,786	222,554	706	27,920	51,826	1,766	312,134
Accumulated Depreciation								
At 1 December 2010	-	104	97,144	444	17,737	37,928	-	153,357
Depreciation charge for the financial year (Note 30)	-	4	7,900	141	2,477	3,847	-	14,369
At 30 November 2011	-	108	105,044	585	20,214	41,775	-	167,726
Net Book Value at 30 November 2011	3,576	3,678	117,510	121	7,706	10,051	1,766	144,408

As at 30 November 2013, RM8,064,000 (2012: Nil) of the net carrying amount of office equipment were under finance lease.

4 INVESTMENT PROPERTIES

Group and Company	Freehold land RM'000	Investment buildings RM'000	Total RM'000
At 30 November 2013			
Cost			
At 1 December 2012	3,582	64,018	67,600
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	157,290	193,110	350,400
Reclass to property, plant and equipment (Note 3)	(1,000)	(62,556)	(63,556)
At 30 November 2013	159,872	194,572	354,444
Accumulated Depreciation			
At 1 December 2012	-	29,095	29,095
Depreciation charge for the financial year (Note 30)	-	8,851	8,851
Reclass to property, plant and equipment (Note 3)	-	(27,633)	(27,633)
At 30 November 2013	-	10,313	10,313
Net Book Value at 30 November 2013	159,872	184,259	344,131
At 30 November 2012			
Cost			
At 1 December 2011/30 November 2012	3,582	64,018	67,600
Accumulated Depreciation			
At 1 December 2011	-	27,409	27,409
Depreciation charge for the financial year (Note 30)	-	1,686	1,686
At 30 November 2012	-	29,095	29,095
Net Book Value at 30 November 2012	3,582	34,923	38,505

4 INVESTMENT PROPERTIES (CONTINUED)

Group and Company (continued)	Freehold land RM'000	Investment buildings RM'000	Total RM'000
At 1 December 2011			
Cost			
At 1 December 2010	3,582	63,940	67,522
Addition	-	78	78
At 30 November 2011	3,582	64,018	67,600
Accumulated Depreciation			
At 1 December 2010	-	25,737	25,737
Depreciation charge for the financial year (Note 30)	-	1,672	1,672
At 30 November 2011	-	27,409	27,409
Net Book Value at 30 November 2011	3,582	36,609	40,191

The fair value of the properties was estimated at RM370,300,000 (2012: RM90,600,000) based on valuation by an independent professionally qualified valuer CB Richard Ellis (Malaysia) Sdn. Bhd. Valuations were based on current prices in an active market for all properties.

No investment properties were pledged as security for banking facilities at the date of Statements of Financial Position.

The following are amounts arising from investment properties that have been recognised in Income Statements during the financial year :

	Group and Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Rental income	13,625	5,132	4,360
Direct operating expenses arising from investment properties that generate rental income	(4,299)	(3,190)	(1,672)

5 PREPAID LAND LEASE PAYMENT

	Group and Company		
	30.11.2013	**30.11.2012**	**1.12.2011**
	RM'000	**RM'000**	**RM'000**
At beginning of financial year	671	689	707
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	627	-	-
Amortisation for the financial year (Note 30)	(22)	(18)	(18)
At end of financial year	1,276	671	689
Analysed as:			
Short term leasehold land	1,276	671	689

No leasehold land of the Group and of the Company were pledged as security for banking facilities at the date of Statements of Financial Position.

	Group and Company		
	30.11.2013	**30.11.2012**	**1.12.2011**
	RM'000	**RM'000**	**RM'000**
Current	719	18	18
Non current	557	653	671
	1,276	671	689

6 INTANGIBLE ASSETS

Group	Software RM'000	Membership/ Bancassurance distribution right RM'000	Work in progress RM'000	Total RM'000
At 30 November 2013				
Cost				
At 1 December 2012	58,810	15,447	4,290	78,547
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	12,479	-	-	12,479
Additions	1,694	1,002	30,148	32,844
Written off	-	(15,000)	-	(15,000)
Reclass to property, plant and equipment (Note 3)	-	-	(7,746)	(7,746)
Reclassification	4,771	-	(4,771)	-
At 30 November 2013	77,754	1,449	21,921	101,124
Accumulated amortisation and impairment				
At 1 December 2012	54,314	14,226	-	68,540
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	4,096	-	-	4,096
Amortisation for the financial year (Note 30)	4,353	948	-	5,301
Written off	-	(15,000)	-	(15,000)
At 30 November 2013	62,763	174	-	62,937
Net Book Value at 30 November 2013	14,991	1,275	21,921	38,187

6 INTANGIBLE ASSETS (CONTINUED)

Group (continued)	**Software** RM'000	**Membership/ Bancassurance distribution right** RM'000	**Work in progress** RM'000	**Total** RM'000
At 30 November 2012				
Cost				
At 1 December 2011	104,664	447	13,691	118,802
Additions	1,122	15,000	10,916	27,038
Written off	(47,446)	-	(19,847)	(67,293)
Reclassification	470	-	(470)	-
At 30 November 2012	58,810	15,447	4,290	78,547
Accumulated amortisation and impairment				
At 1 December 2011	58,006	161	-	58,167
Amortisation for the financial year (Note 30)	3,795	1,409	-	5,204
Written off	(7,487)	-	-	(7,487)
Impairment loss	-	12,656	-	12,656
At 30 November 2012	54,314	14,226	-	68,540
Net Book Value at 30 November 2012	4,496	1,221	4,290	10,007

6 INTANGIBLE ASSETS (CONTINUED)

Group (continued)	Software RM'000	Membership/ Bancassurance distribution right RM'000	Work in progress RM'000	Total RM'000
At 1 December 2011				
Cost				
At 1 December 2010	98,879	447	-	99,326
Foreign exchange translation	6	-	-	6
Additions	5,546	-	13,924	19,470
Reclassification	233	-	(233)	-
At 30 November 2011	104,664	447	13,691	118,802
Accumulated amortisation and impairment				
At 1 December 2010	53,333	158	-	53,491
Foreign exchange translation	(55)	-	-	(55)
Amortisation for the financial year (Note 30)	4,728	3	-	4,731
At 30 November 2011	58,006	161	-	58,167
Net Book Value at 30 November 2011	46,658	286	13,691	60,635

6 INTANGIBLE ASSETS (CONTINUED)

Company	Software	Membership/ Bancassurance distribution right	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000
At 30 November 2013				
Cost				
At 1 December 2012	58,810	15,447	4,290	78,547
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	12,479	-	-	12,479
Additions	1,451	1,002	30,148	32,601
Written off	-	(15,000)	-	(15,000)
Reclass to property, plant and equipment (Note 3)	-	-	(7,746)	(7,746)
Reclassification	4,771	-	(4,771)	-
At 30 November 2013	77,511	1,449	21,921	100,881
Accumulated amortisation and impairment				
At 1 December 2012	54,314	14,226	-	68,540
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	4,096	-	-	4,096
Amortisation for the financial year (Note 30)	4,353	948	-	5,301
Written off	-	(15,000)	-	(15,000)
At 30 November 2013	62,763	174	-	62,937
Net Book Value at 30 November 2013	14,748	1,275	21,921	37,944

6 INTANGIBLE ASSETS (CONTINUED)

Company (continued)	Software RM'000	Membership/ Bancassurance distribution right RM'000	Work in progress RM'000	Total RM'000
At 30 November 2012				
Cost				
At 1 December 2011	103,557	447	13,691	117,695
Additions	1,122	15,000	10,916	27,038
Written off	(46,339)	-	(19,847)	(66,186)
Reclassification	470	-	(470)	-
At 30 November 2012	58,810	15,447	4,290	78,547
Accumulated amortisation and impairment				
At 1 December 2011	56,899	161	-	57,060
Amortisation for the financial year (Note 30)	3,795	1,409	-	5,204
Written off	(6,380)	-	-	(6,380)
Impairment losses	-	12,656	-	12,656
At 30 November 2012	54,314	14,226	-	68,540
Net Book Value at 30 November 2012	4,496	1,221	4,290	10,007

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

6 INTANGIBLE ASSETS (CONTINUED)

Company (continued)	**Software**	**Membership/ Bancassurance distribution right**	**Work in progress**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 December 2011				
Cost				
At 1 December 2010	97,778	447	-	98,225
Additions	5,546	-	13,924	19,470
Reclassification	233	-	(233)	-
At 30 November 2011	103,557	447	13,691	117,695
Accumulated amortisation and impairment				
At 1 December 2010	52,411	158	-	52,569
Amortisation for the financial year (Note 30)	4,488	3	-	4,491
At 30 November 2011	56,899	161	-	57,060
Net Book Value at 30 November 2011	46,658	286	13,691	60,635

During the previous financial year, the Company has decided to early terminate the exclusive bancassurance agreement with its banking partner. Upon notification of early termination of the agreement, the Company has assessed the carrying amount of the asset for impairment. An impairment loss of RM12,656,000 was recognised after taking into consideration the net recoverable amount of the distribution right. No discount rate was use to obtain the value in use as the remaining period of the distribution right is less than a year.

7 INVESTMENT IN SUBSIDIARIES

			Company
	30.11.2013	**30.11.2012**	**1.12.2011**
	RM'000	**RM'000**	**RM'000**
Unquoted shares, at cost	143,000	123,000	95,000
Less: Accumulated impairment loss	-	(18,400)	(18,400)
	143,000	104,600	76,600

In the previous financial years, impairment loss has been arrived at after taking into consideration the net recoverable value of a subsidiary that has ceased operations.

Details of the subsidiaries are as follows:

Name	**Country of incorporation**	**Effective interest 30.11.2013 (%)**	**30.11.2012 (%)**	**1.12.2011 (%)**	**Principal activities**
AIA Takaful International Bhd. ("ATIB")	Malaysia	-*	100	100	Dormant (under membersô voluntary liquidation)
AIA AFG Takaful Bhd. ("AATB")	Malaysia	100**	70	70	Managing family takaful business including investment-linked business.
AIA Pension and Asset Management Sdn. Bhd. (ñAPAMò)	Malaysia	100	100	-	Managing private retirement scheme and asset management business.

* On 16 April 2013, AIA Takaful International Bhd. (ñATIBò), a subsidiary of the Group, has completed the liquidation process and was dissolved on 16 July 2013.

** On 11 March 2013, the Group acquired the remaining 30% of the share capital of AATB from the minority shareholder by way of a voluntary offering for an aggregate consideration of RM45 million.

8 INVESTMENT IN ASSOCIATE

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Unquoted shares, at cost	88	88	88	88	88	88
Redeemable preference shares, at cost	-	-	11,947	-	-	11,947
Share of post-acquisition reserve	22,257	22,707	24,954	-	-	-
	22,345	22,795	36,989	88	88	12,035

Details of the associate company are as follows:

Name	Country of incorporation	Effective interest (%) 30.11.2013	30.11.2012	1.12.2011	Principal activity
Panareno Sdn. Bhd.	Malaysia	35	35	35	Property management and development

The above associate has a financial year end of 31 December which is not consistent with the financial year end of the Company. For the purpose of applying the equity method of accounting, the management financial statements of the associate for the financial period ended 31 October 2013 have been used and appropriate adjustments have been made for the effects of significant transactions between 30 November 2013 and that date.

The share of summarised financial information of the associate is as follows:

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Assets and liabilities			
Current assets/total assets	28,897	29,526	45,929
Current liabilities/total liabilities	6,552	6,731	8,940
Net assets	22,345	22,795	36,989
Results			
Revenue	6,552	934	46,275
Profit/(loss) for the financial year	3,050	(392)	11,253

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
At fair value						
Malaysian government securities	2,085,732	896,034	973,455	2,075,557	866,588	938,461
Cagamas papers	553,823	468,571	252,236	553,823	468,571	252,236
Unquoted corporate debt securities	4,227,876	1,749,234	1,820,954	4,184,360	1,716,883	1,782,570
Deposits with licensed bank	110,053	20,229	61,881	110,053	20,229	61,881
Accrued interest	80,824	40,316	38,965	80,193	39,644	38,322
	7,058,308	3,174,384	3,147,491	7,003,986	3,111,915	3,073,470

	Group			Company		
Carrying values of financial instruments						
At 1 December	3,174,384	3,147,491	3,231,019	3,111,915	3,073,470	3,231,019
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	3,727,748	-	-	3,727,748	-	-
Purchases	2,025,276	1,030,111	1,129,143	2,032,331	1,017,959	1,046,989
Maturities	(191,335)	(478,497)	(334,827)	(191,335)	(478,497)	(334,827)
Disposals at amortised cost	(1,471,302)	(526,881)	(872,815)	(1,471,302)	(502,763)	(862,512)
Fair value (losses)/ gains recorded in:						
Other comprehensive income	(226,416)	7,520	2	(225,416)	7,058	(1,577)
Unrealised foreign exchange (loss)/gain	(6,314)	(300)	4,592	(6,314)	(300)	4,592
Movement in accrued interest	40,508	1,351	(3,666)	40,549	1,322	(4,309)
Amortisation	(14,241)	(6,411)	(5,957)	(14,190)	(6,334)	(5,905)
At 30 November	7,058,308	3,174,384	3,147,491	7,003,986	3,111,915	3,073,470
Current	318,763	86,399	408,470	318,131	85,726	408,470
Non current	6,739,545	3,087,985	2,739,021	6,685,855	3,026,189	2,665,000
	7,058,308	3,174,384	3,147,491	7,003,986	3,111,915	3,073,470

There are no Malaysian government securities held for investment under repurchase agreements during the financial year. As at 30 November 2012, Malaysian government securities held for investments of RM35,515,000 have been sold under repurchase agreements for funding purposes and their carrying values remain in the respective asset accounts while obligations to repurchase such securities at an agreed price on a specified future date are accounted for as a liability as mentioned in Note 19.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial investment

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

Group

At 30 November 2013	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	2,085,732	-	2,085,732	-
Cagamas papers	553,823	-	553,823	-
Unquoted corporate debt securities	4,227,876	-	4,227,876	-
Deposits with licensed bank	110,053	-	110,053	-
Accrued interest	80,824	-	80,824	-
	7,058,308	-	7,058,308	-
At 30 November 2012				
Malaysian government securities	896,034	-	896,034	-
Cagamas papers	468,571	-	468,571	-
Unquoted corporate debt securities	1,749,234	-	1,749,234	-
Deposits with licensed bank	20,229	-	20,229	-
Accrued interest	40,316	-	40,316	-
	3,174,384	-	3,174,384	-
At 1 December 2011				
Malaysian government securities	973,455	-	973,455	-
Cagamas papers	252,236	-	252,236	-
Unquoted corporate debt securities	1,820,954	-	1,820,954	-
Deposits with licensed bank	61,881	-	61,881	-
Accrued interest	38,965	-	38,965	-
	3,147,491	-	3,147,491	-

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial investment (continued)

Company

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 30 November 2013				
Malaysian government securities	2,075,557	-	2,075,557	-
Cagamas papers	553,823	-	553,823	-
Unquoted corporate debt securities	4,184,360	-	4,184,360	-
Deposits with licensed bank	110,053	-	110,053	-
Accrued interest	80,193	-	80,193	-
	7,003,986	-	7,003,986	-
At 30 November 2012				
Malaysian government securities	866,588	-	866,588	-
Cagamas papers	468,571	-	468,571	-
Unquoted corporate debt securities	1,716,883	-	1,716,883	-
Deposits with licensed bank	20,229	-	20,229	-
Accrued interest	39,644	-	39,644	-
	3,111,915	-	3,111,915	-
At 1 December 2011				
Malaysian government securities	938,461	-	938,461	-
Cagamas papers	252,236	-	252,236	-
Unquoted corporate debt securities	1,782,570	-	1,782,570	-
Deposits with licensed bank	61,881	-	61,881	-
Accrued interest	38,322	-	38,322	-
	3,073,470	-	3,073,470	-

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial investment (continued)

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 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 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.

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 Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

10 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

			Group			Company
	30.11.2013	30.11.2012	1.12.2011	30.11.2013	30.11.2012	1.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At fair value						
Malaysian government securities	6,347,948	3,177,715	3,909,533	6,322,094	3,156,297	3,905,673
Cagamas papers	1,904,237	1,424,405	811,894	1,904,237	1,424,405	811,894
Equity securities of corporations						
- Quoted	6,358,633	3,345,227	2,762,412	6,335,540	3,332,770	2,759,812
- Unquoted	33	33	33	33	33	33
Quoted real estate investment trust	918,902	398,480	240,101	918,278	397,376	239,303
Unquoted corporate debt securities	12,639,380	7,690,592	6,124,389	12,587,458	7,652,548	6,115,251
Seed capital	20,405	-	-	-	-	-
Mutual Funds	678,840	475,378	236,617	678,840	475,378	236,617
Subscription rights	51	-	-	51	-	-
Deposits with licensed bank	73,526	159,431	312,200	73,526	159,431	312,200
Malaysian government guarantee loans	8,000	-	-	8,000	-	-
Accrued interest	218,488	133,935	106,924	217,557	133,194	106,815
	29,168,443	16,805,196	14,504,103	29,045,614	16,731,432	14,487,598

Carrying values of financial instruments						
At 1 December	16,805,196	14,504,103	14,066,138	16,731,432	14,487,598	14,056,799
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	11,455,063	-	-	11,455,063	-	-
Purchases	7,303,732	6,316,266	4,963,062	7,253,921	6,243,779	4,935,368
Maturities	(404,670)	(445,656)	(438,865)	(404,670)	(445,656)	(438,865)
Disposals at amortised cost	(5,646,722)	(4,076,055)	(4,090,508)	(5,646,722)	(4,059,696)	(4,071,304)
Fair value (losses)/gains recorded in Income Statements	(413,860)	496,890	(19,500)	(413,020)	496,343	(18,370)
Unrealised foreign exchange gain /(loss)	10,213	(8,126)	18,078	10,213	(8,126)	18,331
Movement in accrued interest	84,553	27,011	15,493	84,363	26,379	15,433
Amortisation	(25,062)	(9,237)	(9,795)	(24,966)	(9,189)	(9,794)
At 30 November	29,168,443	16,805,196	14,504,103	29,045,614	16,731,432	14,487,598

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

			Group			Company
	30.11.2013	30.11.2012	1.12.2011	30.11.2013	30.11.2012	1.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current	8,498,851	4,486,676	3,461,500	8,497,920	4,485,935	3,458,102
Non current	20,669,592	12,318,520	11,042,603	20,547,694	12,245,497	11,029,496
	29,168,443	16,805,196	14,504,103	29,045,614	16,731,432	14,487,598

There are no Malaysian government securities held for investment under repurchase agreements during the financial year. As at 30 November 2012, Malaysian government securities held for investment of RM315,800,000 have been sold under repurchase agreements for funding purposes and their carrying values remain in the respective asset accounts while obligations to repurchase such securities at an agreed price on a specified future date are accounted for as a liability as mentioned in Note 19.

Fair value of financial investment

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

Group

At 30 November 2013	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	6,347,948	-	6,347,948	-
Cagamas papers	1,904,237	-	1,904,237	-
Equity securities of corporations				
- Quoted	6,358,633	6,358,633	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	918,902	760,105	-	158,797
Unquoted corporate debt securities	12,639,380	-	12,639,380	-
Seed Capital	20,405	20,405	-	-
Mutual Funds	678,840	678,840	-	-
Subscription rights	51	-	-	51
Deposits with licensed bank	73,526	-	73,526	-
Malaysian government guarantee loans	8,000	-	8,000	-
Accrued interest	218,488	-	218,488	-
	29,168,443	7,817,983	21,191,579	158,881

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

Fair value of financial investment (continued)

Group (continued)

At 30 November 2012	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	3,177,715	-	3,177,715	-
Cagamas papers	1,424,405	-	1,424,405	-
Equity securities of corporations				
- Quoted	3,345,227	3,345,227	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	398,480	398,480	-	-
Unquoted corporate debt securities	7,690,592	-	7,690,592	-
Mutual Funds	475,378	475,378	-	-
Deposits with licensed bank	159,431	-	159,431	-
Accrued interest	133,935	-	133,935	-
	16,805,196	4,219,085	12,586,078	33

At 1 December 2011	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	3,909,533	-	3,909,533	-
Cagamas papers	811,894	-	811,894	-
Equity securities of corporations				
- Quoted	2,762,412	2,761,907	177	328
- Unquoted	33	-	-	33
Quoted real estate investment trust	240,101	220,216	-	19,885
Unquoted corporate debt securities	6,124,389	-	6,104,389	20,000
Mutual Funds	236,617	236,617	-	-
Deposits with licensed bank	312,200	-	312,200	-
Accrued interest	106,924	-	106,924	-
	14,504,103	3,218,740	11,245,117	40,246

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

Fair value of financial investment (continued)

Company

At 30 November 2013	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	6,322,094	-	6,322,094	-
Cagamas papers	1,904,237	-	1,904,237	-
Equity securities of corporations				
- Quoted	6,335,540	6,335,540	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	918,278	759,481	-	158,797
Unquoted corporate debt securities	12,587,458	-	12,587,458	-
Mutual Funds	678,840	678,840	-	-
Subscription rights	51	-	-	51
Deposits with licensed bank	73,526	-	73,526	-
Malaysian government guarantee loans	8,000	-	8,000	-
Accrued interest	217,557	-	217,557	-
	29,045,614	7,773,861	21,112,872	158,881

At 30 November 2012	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	3,156,297	-	3,156,297	-
Cagamas papers	1,424,405	-	1,424,405	-
Equity securities of corporations				
- Quoted	3,332,770	3,332,770	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	397,376	397,376	-	-
Unquoted corporate debt securities	7,652,548	-	7,652,548	-
Mutual Funds	475,378	475,378	-	-
Deposits with licensed bank	159,431	-	159,431	-
Accrued interest	133,194	-	133,194	-
	16,731,432	4,205,524	12,525,875	33

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

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

Fair value of financial investment (continued)

Company (continued)

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 1 December 2011				
Malaysian government securities	3,905,673	-	3,905,673	-
Cagamas papers	811,894	-	811,894	-
Equity securities of corporations				
- Quoted	2,759,812	2,759,307	177	328
- Unquoted	33	-	-	33
Quoted real estate investment trust	239,303	219,418	-	19,885
Unquoted corporate debt securities	6,115,251	-	6,095,251	20,000
Mutual Funds	236,617	236,617	-	-
Deposits with licensed bank	312,200	-	312,200	-
Accrued interest	106,815	-	106,815	-
	14,487,598	3,215,342	11,232,010	40,246

The tables below set out a summary of changes in the Level 3 financial assets for the financial year ended 30 November 2013.

Level 3 financial assets

Group and Company

	Equity securities RM'000	Real estate investment trust RM'000	Corporate debt securities RM'000	Subscription right RM'000
At 1 December 2011	361	19,885	20,000	-
Transfer out to Level 1	(328)	(19,885)	-	-
Transfer out to Level 2	-	-	(20,000)	-
At 30 November 2012	33	-	-	-
Acquisition during the year	-	158,797	-	51
At 30 November 2013	33	158,797	-	51

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

11 LOANS AND RECEIVABLES

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
At amortised cost						
Malaysian government guarantee loans	517,000	175,000	175,000	517,000	175,000	175,000
Policy loans	1,463,317	377,940	376,055	1,463,317	377,940	376,055
Mortgage loans	2,020,449	1,244,710	1,282,039	2,020,449	1,244,710	1,282,039
Other secured loans	33	40	48	33	40	48
Staff loans	29,074	9,062	11,344	29,074	9,062	11,344
Unsecured loans	1,727	210	8,852	1,727	210	8,852
Accrued interest	45,527	15,614	15,447	45,527	15,614	15,447
	4,077,127	1,822,576	1,868,785	4,077,127	1,822,576	1,868,785
Allowance for impairment loss	(31,543)	(5,249)	(5,984)	(31,543)	(5,249)	(5,984)
	4,045,584	1,817,327	1,862,801	4,045,584	1,817,327	1,862,801
Fixed and call deposits with:						
Licensed financial institutions	90,000	105,029	133,880	90,000	105,029	133,880
Other receivables:						
Accrued dividend	30,544	9,164	13,274	30,544	9,164	13,274
Other receivables	200,580	51,655	77,953	188,082	51,944	78,491
Deposits and prepayments	13,198	4,451	5,042	12,898	4,151	4,742
	244,322	65,270	96,269	231,524	65,259	96,507
Allowance for impairment loss	(3,095)	(1,008)	(1,236)	(3,095)	(1,008)	(1,236)
	241,227	64,262	95,033	228,429	64,251	95,271
	4,376,811	1,986,618	2,091,714	4,364,013	1,986,607	2,091,952
Current	286,753	90,976	150,180	273,955	90,964	150,418
Non current	4,090,058	1,895,642	1,941,534	4,090,058	1,895,643	1,941,534
	4,376,811	1,986,618	2,091,714	4,364,013	1,986,607	2,091,952

11 LOANS AND RECEIVABLES (CONTINUED)

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
At fair value						
Malaysian government guarantee loans	541,965	184,693	181,769	541,965	184,693	181,769
Policy loans	1,463,317	377,940	376,055	1,463,317	377,940	376,055
Mortgage loans	2,047,065	1,311,749	1,367,843	2,047,065	1,311,749	1,367,843
Other secured loans	34	42	50	34	42	50
Staff loans	28,132	8,939	11,193	28,132	8,939	11,193
Unsecured loans	1,587	85	8,893	1,587	85	8,892
Accrued interest	45,527	15,614	15,447	45,527	15,614	15,447
	4,127,627	1,899,062	1,961,250	4,127,627	1,899,062	1,961,249
Fixed and call deposits with: Licensed financial institutions	97,240	114,511	145,785	97,240	114,511	145,785
	4,224,867	2,013,573	2,107,035	4,224,867	2,013,573	2,107,034

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

12 REINSURANCE/RETAKAFUL ASSETS

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Reinsurance of insurance contracts	100,794	12,048	11,096	100,794	12,048	11,096
Receivables within 12 months	100,794	12,048	11,096	100,794	12,048	11,096

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

13 INSURANCE/TAKAFUL RECEIVABLES

	Group and Company		
	30.11.2013	30.11.2012	1.12.2011
	RM'000	RM'000	RM'000
Outstanding premium/contributions including agents' balances	352,296	148,353	146,986
Amount due from reinsurers/retakaful operators	19,064	5,737	5,725
	371,360	154,090	152,711
Allowance for impairment loss	(7,264)	(588)	(9,409)
	364,096	153,502	143,302
Receivables within 12 months	364,096	153,502	143,302

14 SHARE CAPITAL

	Number of shares at RM1 each			Amount		
	30.11.2013	30.11.2012	1.12.2011	30.11.2013	30.11.2012	1.12.2011
	000	000	000	RM'000	RM'000	RM'000
Group and Company						
Authorised share capital						
Ordinary shares at RM1 each:						
At 1 December	500,000	500,000	500,000	500,000	500,000	500,000
Increase in authorised Share Capital	300,000	-	-	300,000	-	-
At 30 November	800,000	500,000	500,000	800,000	500,000	500,000
Issued and paid up share capital						
Ordinary shares at RM1 each:						
At 1 December	241,706	241,706	241,706	241,706	241,706	241,706
Issued for acquisition of business from Premium Policy Berhad (formerly known as ING Insurance Berhad)	525,732	-	-	525,732	-	-
At 30 November	767,438	241,706	241,706	767,438	241,706	241,706

14 SHARE CAPITAL (CONTINUED)

On 17 June 2013, 525,732,174 ordinary shares of RM1 each were issued at an issue price of RM2.45 per share for acquisition of Premium Policy Berhad (formerly known as ING Insurance Berhad). The new shares rank pari passu in all aspects with the existing ordinary shares of the Company.

15 RETAINED EARNINGS

Under the single tier system, there are no restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the Statements of Financial Position date.

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES

Group	Gross RM'000	Reinsurance RM'000	Net RM'000
At 30 November 2013			
Life insurance/family takaful (Note A)	32,437,646	(78,470)	32,359,176
General insurance (Note B)	577,397	(22,324)	555,073
	33,015,043	(100,794)	32,914,249
At 30 November 2012			
Life insurance/family takaful (Note A)	16,490,641	(4,249)	16,486,392
General insurance (Note B)	496,035	(7,799)	488,236
	16,986,676	(12,048)	16,974,628
At 1 December 2011			
Life insurance/family takaful (Note A)	15,192,433	(3,318)	15,189,115
General insurance (Note B)	478,151	(7,778)	470,373
	15,670,584	(11,096)	15,659,488

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

	Gross RM'000	Reinsurance RM'000	Net RM'000
Company			
At 30 November 2013			
Life insurance/family takaful (Note A)	32,311,352	(78,470)	32,232,882
General insurance (Note B)	577,397	(22,324)	555,073
	32,888,749	(100,794)	32,787,955
At 30 November 2012			
Life insurance/family takaful (Note A)	16,395,348	(4,249)	16,391,099
General insurance (Note B)	496,035	(7,799)	488,236
	16,891,383	(12,048)	16,879,335
At 1 December 2011			
Life insurance/family takaful (Note A)	15,160,041	(3,318)	15,156,723
General insurance (Note B)	478,151	(7,778)	470,373
	15,638,192	(11,096)	15,627,096

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Current	629,368	671,543	851,584	629,368	669,457	851,206
Non current	32,385,675	16,315,133	14,819,000	32,259,381	16,221,926	14,786,986
	33,015,043	16,986,676	15,670,584	32,888,749	16,891,383	15,638,192

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful

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

(i) Life insurance/family takaful contract liabilities

Group	Gross RM'000	Reinsurance RM'000	Net RM'000
At 30 November 2013			
Claims liabilities	235,849	(23,462)	212,387
Actuarial liabilities	26,001,764	(55,008)	25,946,756
Unallocated surplus	2,335,692	-	2,335,692
Net asset value attributable to unitholders/participants	3,864,341	-	3,864,341
	32,437,646	(78,470)	32,359,176
At 30 November 2012			
Claims liabilities	72,189	(3,965)	68,224
Actuarial liabilities	12,115,887	(284)	12,115,603
Unallocated surplus	1,876,778	-	1,876,778
Net asset value attributable to unitholders/participants	2,425,787	-	2,425,787
	16,490,641	(4,249)	16,486,392
At 1 December 2011			
Claims liabilities	66,711	(3,062)	63,649
Actuarial liabilities	11,245,991	(258)	11,245,733
Unallocated surplus	2,027,675	-	2,027,675
Net asset value attributable to unitholders/participants	1,853,228	-	1,853,228
Foreign currency translation reserves	(1,172)	2	(1,170)
	15,192,433	(3,318)	15,189,115

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

(i) Life insurance/family takaful contract liabilities (continued)

Company	Gross RM'000	Reinsurance RM'000	Net RM'000
At 30 November 2013			
Claims liabilities	233,649	(23,462)	210,187
Actuarial liabilities	25,995,028	(55,008)	25,940,020
Unallocated surplus	2,310,043	-	2,310,043
Net asset value attributable to unitholders	3,772,632	-	3,772,632
	32,311,352	(78,470)	32,232,882
At 30 November 2012			
Claims liabilities	71,801	(3,965)	67,836
Actuarial liabilities	12,108,852	(284)	12,108,568
Unallocated surplus	1,854,078	-	1,854,078
Net asset value attributable to unitholders	2,360,617	-	2,360,617
	16,395,348	(4,249)	16,391,099
At 1 December 2011			
Claims liabilities	66,645	(3,062)	63,583
Actuarial liabilities	11,236,334	(256)	11,236,078
Unallocated surplus	2,009,730	-	2,009,730
Net asset value attributable to unitholders	1,847,332	-	1,847,332
	15,160,041	(3,318)	15,156,723

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

(ii) Movements of life insurance/family takaful contract liabilities

Group	With DPF RM'000	Gross without DPF RM'000	Total RM'000
At 1 December 2012	12,771,568	3,719,073	16,490,641
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	11,851,385	3,295,661	15,147,046
Policy movement	934,768	152,113	1,086,881
Movement in claim liabilities	2,601	33,143	35,744
Alignment in methodology	60,613	50,036	110,649
Model refinement	(12,246)	(37,731)	(49,977)
Others	65,603	91,013	156,616
Adjustments due to changes in assumptions:			
Mortality/ morbidity	(15,091)	22	(15,069)
Lapse and surrender rates	(9,332)	(98)	(9,430)
Expenses	(167,634)	(236)	(167,870)
Discount rate	(152,067)	(297,489)	(449,556)
Change in asset value attributable to unitholders/participants	16,886	539,517	556,403
Change in bonus	(573,121)	-	(573,121)
Unallocated surplus	118,689	-	118,689
At 30 November 2013	24,892,622	7,545,024	32,437,646

Group	With DPF RM'000	Reinsurance without DPF RM'000	Total RM'000
At 1 December 2012	(243)	(4,006)	(4,249)
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	(17,358)	(62,929)	(80,287)
Policy movement	196	1,202	1,398
Movement in claim liabilities	1,308	3,360	4,668
At 30 November 2013	(16,097)	(62,373)	(78,470)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

(ii) Movements of life insurance/family takaful contract liabilities

Group (continued)	**With DPF RM'000**	**Gross without DPF RM'000**	**Total RM'000**
At 1 December 2011	11,886,003	3,306,430	15,192,433
Policy movement	488,565	(191,879)	296,686
Movement in claim liabilities	530	4,948	5,478
Others	(13,852)	256	(13,596)
Adjustments due to changes in assumptions:			
Mortality/ morbidity	34	2,112	2,146
Expenses	57,520	1,660	59,180
Discount rate	392,782	70,064	462,846
Change in asset value attributable to unitholders / participants	55,509	517,050	572,559
Change in bonus	62,634	-	62,634
Unallocated surplus	(158,173)	7,276	(150,897)
Movement in foreign currency translation adjustments	16	1,156	1,172
At 30 November 2012	12,771,568	3,719,073	16,490,641

Group	**With DPF RM'000**	**Reinsurance without DPF RM'000**	**Total RM'000**
At 1 December 2011	(542)	(2,776)	(3,318)
Policy movement	(1)	(27)	(28)
Movement in claim liabilities	300	(1,203)	(903)
At 30 November 2012	(243)	(4,006)	(4,249)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

(ii) Movements of life insurance/family takaful contract liabilities (continued)

Company	With DPF RM'000	Gross without DPF RM'000	Total RM'000
At 1 December 2012	12,685,935	3,709,413	16,395,348
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	11,851,385	3,295,661	15,147,046
Policy movement	935,059	152,113	1,087,172
Movement in claim liabilities	790	33,143	33,933
Alignment in methodology	60,613	50,036	110,649
Model refinement	(12,246)	(37,731)	(49,977)
Others	65,603	91,013	156,616
Adjustments due to changes in assumptions:			
Mortality/ morbidity	(15,091)	22	(15,069)
Lapse and surrender rates	(9,332)	(98)	(9,430)
Expenses	(167,634)	(236)	(167,870)
Discount rate	(152,067)	(297,489)	(449,556)
Change in asset value attributable to unitholders	-	529,866	529,866
Change in bonus	(573,121)	-	(573,121)
Unallocated surplus	115,745	-	115,745
At 30 November 2013	24,785,639	7,525,713	32,311,352

Company	With DPF RM'000	Reinsurance without DPF RM'000	Total RM'000
At 1 December 2012	(243)	(4,006)	(4,249)
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	(17,358)	(62,929)	(80,287)
Policy movement	196	1,202	1,398
Movement in claim liabilities	1,308	3,360	4,668
At 30 November 2013	(16,097)	(62,373)	(78,470)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

(ii) Movements of life insurance/family takaful contract liabilities (continued)

Company (continued)	**With DPF RM'000**	**Gross without DPF RM'000**	**Total RM'000**
At 1 December 2011	11,851,074	3,308,967	15,160,041
Policy movement	491,187	(191,879)	299,308
Movement in claim liabilities	208	4,948	5,156
Others	(13,852)	256	(13,596)
Adjustments due to changes in assumptions:			
Mortality/ morbidity	34	2,112	2,146
Expenses	57,520	1,660	59,180
Discount rate	392,782	70,064	462,846
Change in asset value attributable to unitholders	-	513,285	513,285
Change in bonus	62,634	-	62,634
Unallocated surplus	(155,652)	-	(155,652)
At 30 November 2012	12,685,935	3,709,413	16,395,348

Company	**With DPF RM'000**	**Reinsurance without DPF RM'000**	**Total RM'000**
At 1 December 2011	(542)	(2,776)	(3,318)
Policy movement	(1)	(27)	(28)
Movement in claim liabilities	300	(1,203)	(903)
At 30 November 2012	(243)	(4,006)	(4,249)

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 30 November 2013			
Provision for claims reported by policyholders	115,194	(13,205)	101,989
Provision for incurred but not reported claims ("IBNR")	114,753	(2,245)	112,508
Claim liabilities (i)	229,947	(15,450)	214,497
Premium liabilities (ii)	347,450	(6,874)	340,576
	577,397	(22,324)	555,073
At 30 November 2012			
Provision for claims reported by policyholders	89,192	(2,727)	86,465
Provision for incurred but not reported claims ("IBNR")	76,821	(1,622)	75,199
Claim liabilities (i)	166,013	(4,349)	161,664
Premium liabilities (ii)	330,022	(3,450)	326,572
	496,035	(7,799)	488,236
At 1 December 2011			
Provision for claims reported by policyholders	70,598	(2,837)	67,761
Provision for incurred but not reported claims ("IBNR")	58,923	(1,658)	57,265
Claim liabilities (i)	129,521	(4,495)	125,026
Premium liabilities (ii)	348,630	(3,283)	345,347
	478,151	(7,778)	470,373

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(i) Claim liabilities

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 December 2012	166,013	(4,349)	161,664
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	72,958	(23,995)	48,963
Claims incurred in the current accident year	324,927	(14,497)	310,430
Movement in claims incurred in prior accident years	(67,216)	18,276	(48,940)
Claims paid during the financial year	(255,271)	12,595	(242,676)
Others	19,132	-	19,132
Change in expense liabilities and risk margin	(32,820)	(2,093)	(34,913)
Model change	2,224	(1,387)	837
At 30 November 2013	229,947	(15,450)	214,497
At 1 December 2011	129,521	(4,495)	125,026
Claims incurred in the current accident year	249,526	(5,635)	243,891
Movement in claims incurred in prior accident years	1,994	29	2,023
Claims paid during the financial year	(222,107)	(6,019)	(228,126)
Change in expense liabilities and risk margin	(11,241)	11,771	530
Others	18,320	-	18,320
At 30 November 2012	166,013	(4,349)	161,664

16 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(ii) Premium liabilities

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 December 2012	330,022	(3,450)	326,572
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	35,137	(5,458)	29,679
Premiums written in the financial year	514,702	(25,335)	489,367
Premium earned during the financial year	(531,690)	26,146	(505,544)
Change in expense liabilities, risk margin and loss ratio	1,446	2,214	3,660
Others	1,910	-	1,910
Model change	(4,077)	(991)	(5,068)
At 30 November 2013	347,450	(6,874)	340,576
At 1 December 2011	348,630	(3,283)	345,347
Premiums written in the financial year	403,852	(10,887)	392,965
Premium earned during the financial year	(416,066)	10,416	(405,650)
Change in expense liabilities, risk margin and loss ratio	(6,398)	304	(6,094)
Others	4	-	4
At 30 November 2012	330,022	(3,450)	326,572

17 DEFERRED TAX LIABILITIES

	Group		Company	
	30.11.2013	**30.11.2012**	**30.11.2013**	**30.11.2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 December	(380,600)	(343,408)	(375,095)	(339,748)
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	(184,921)	-	(184,921)	-
Recognised in:				
Income Statements	51,438	(34,736)	46,174	(33,287)
Other comprehensive income	57,843	(2,456)	57,592	(2,060)
At 30 November	(456,240)	(380,600)	(456,250)	(375,095)
Current	(4,427)	(26,825)	(4,433)	(22,287)
Non current	(451,813)	(353,775)	(451,817)	(352,808)
	(456,240)	(380,600)	(456,250)	(375,095)

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets/liabilities shown in the Statements of Financial Position are determined after appropriate offsetting.

	Group			Company		
	30.11.2013	**30.11.2012**	**1.12.2012**	**30.11.2013**	**30.11.2012**	**1.12.2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Presented after appropriate offsetting as follows:						
Deferred tax liabilities	(456,240)	(380,600)	(343,408)	(456,250)	(375,095)	(339,748)

17 DEFERRED TAX LIABILITIES (CONTINUED)

Group

	Unallocated surplus RM'000	Revaluation investment RM'000	Accelerated depreciation RM'000	Total RM'000
At 30 November 2013				
Deferred tax liabilities at 1 December 2012	(236,997)	(152,805)	(1,523)	(391,325)
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	(184,921)	-	-	(184,921)
Recognised in:				
Income Statements	(30,336)	79,935	(1,168)	48,431
Other comprehensive Income	-	57,843	-	57,843
Deferred tax liabilities at 30 November 2013 (before offsetting)	(452,254)	(15,027)	(2,691)	(469,972)
Offsetting				13,732
Deferred tax liabilities at 30 November 2013 (after offsetting				(456,240)
At 30 November 2012				
Deferred tax liabilities at 1 December 2011	(223,744)	(125,585)	(5,978)	(355,307)
Recognised in:				
Income Statements	(13,253)	(24,764)	4,455	(33,562)
Other comprehensive Income	-	(2,456)	-	(2,456)
Deferred tax liabilities at 30 November 2012 (before offsetting)	(236,997)	(152,805)	(1,523)	(391,325)
Offsetting				10,725
Deferred tax liabilities at 30 November 2012 (after offsetting				(380,600)

17 DEFERRED TAX LIABILITIES (CONTINUED)

Group (continued)

	Tax losses Carry forward RM'000	Impairment allowance RM'000	Unrealised amortisation RM'000	Total RM'000
At 30 November 2013				
Deferred tax assets at 1 December 2012		283	10,442	10,725
Recognised in:				
Income Statements		319	2,688	3,007
Deferred tax assets at 30 November 2013 (before offsetting)		602	13,130	13,732
Offsetting				(13,732)
Deferred tax asset at 30 November 2013 (after offsetting)				-
At 30 November 2012				
Deferred tax assets at 1 December 2011	1,354	1,465	9,080	11,899
Recognised in:				
Income Statements	(1,354)	(1,182)	1,362	(1,174)
Deferred tax assets at 30 November 2012 (before offsetting)	-	283	10,442	10,725
Offsetting				(10,725)
Deferred tax assets at 30 November 2012 (after offsetting				-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

17 DEFERRED TAX LIABILITIES (CONTINUED)

Company

	Unallocated surplus RM'000	Revaluation investment RM'000	Accelerated depreciation RM'000	Total RM'000
At 30 November 2013				
Deferred tax liabilities at 1 December 2012	(236,997)	(147,300)	(1,523)	(385,820)
Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (Note 46)	(184,921)	-	-	(184,921)
Recognised in:				
Income Statements	(30,336)	74,671	(1,168)	43,167
Other comprehensive Income	-	57,592	-	57,592
Deferred tax liabilities at 30 November 2013 (before offsetting)	(452,254)	(15,037)	(2,691)	(469,982)
Offsetting				13,732
Deferred tax liabilities at 30 November 2013 (after offsetting				(456,250)
At 30 November 2012				
Deferred tax liabilities at 1 December 2011	(223,744)	(120,571)	(5,978)	(350,293)
Recognised in:				
Income Statements	(13,253)	(24,669)	4,455	(33,467)
Other comprehensive Income	-	(2,060)	-	(2,060)
Deferred tax liabilities at 30 November 2012 (before offsetting)	(236,997)	(147,300)	(1,523)	(385,820)
Offsetting				10,725
Deferred tax assets at 30 November 2012 (after offsetting				(375,095)

17 DEFERRED TAX LIABILITIES (CONTINUED)

Company (continued)

	Impairment allowance RM'000	Unrealised amortisation RM'000	Total RM'000
At 30 November 2013			
Deferred tax assets at 1 December 2012	283	10,442	10,725
Recognised in: Income Statements	319	2,688	3,007
Deferred tax liabilities at 30 November 2013 (before offsetting)	602	13,130	13,732
Offsetting			(13,732)
Deferred tax asset at 30 November 2013 (after offsetting)			-
At 30 November 2012			
Deferred tax assets at 1 December 2011	1,465	9,080	10,545
Recognised in: Income Statements	(1,182)	1,362	180
Deferred tax liabilities at 30 November 2012 (before offsetting)	283	10,442	10,725
Offsetting			(10,725)
Deferred tax assets at 30 November 2012 (after offsetting)			-

18 INSURANCE/TAKAFUL PAYABLES

	Group			Company		
	30.11.2013	30.11.2012	1.12.2011	30.11.2013	30.11.2012	1.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividend payable to policyholders	2,960,462	2,104,604	1,997,989	2,960,462	2,104,604	1,997,989
Due to reinsurers/ retakaful operators	159,887	11,077	10,902	159,010	10,357	10,885
Due to agents and insured	265,094	57,408	46,292	265,094	57,408	46,200
Premium deposits	967,720	737,792	708,221	967,720	737,792	708,221
	4,353,163	2,910,881	2,763,404	4,352,286	2,910,161	2,763,295

The carrying amounts disclosed above approximate fair value at the date of Statements of Financial Position. All amounts are payable within one year.

19 OTHER PAYABLES

	Group			Company		
	30.11.2013	30.11.2012	1.12.2011	30.11.2013	30.11.2012	1.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due to ultimate holding company	4,890	1,004	217	4,890	858	217
Finance lease liabilities (Note 20)	8,064	-	-	8,064	-	-
Post employment benefit obligation - defined benefit plan (Note 21)	24,800	22,479	20,550	24,800	22,479	20,550
Due to Orange Policy Sdn. Bhd. Staff Gratuity Scheme (Note 22)	3,388	-	-	3,388	-	-
Obligations on securities sold under repurchase agreements	-	329,056	-	-	329,056	-
Provision for agentsô retirement benefits	80,345	-	-	80,345	-	-
Other payables and trade accruals	367,277	158,525	245,074	331,177	144,570	239,279
	488,764	511,064	265,841	452,664	496,963	260,046

The carrying amounts disclosed above approximate fair value at the date of Statements of Financial Position. All amounts are payable within one year.

20 FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	753	-	753
Between one to three years	7,435	370	7,065
More than three years	282	36	246
	8,470	406	8,064

21 POST EMPLOYMENT BENEFIT OBLIGATION – DEFINED BENEFIT PLAN

			Group and Company
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Statements of Financial Position obligation for (Note 19):			
Pension benefits	21,998	20,050	18,539
Post-employment medical benefits	2,429	2,011	2,802
	24,800	22,479	20,550
Income Statements charge for (Note 30):			
Pension benefits		2,107	1,644
Post-employment medical benefits		467	461
		2,574	2,105

21 POST EMPLOYMENT BENEFIT OBLIGATION – DEFINED BENEFIT PLAN (CONTINUED)

(a) Pension benefits

The Group operates defined benefit pension plans based on employee pensionable remuneration and length of service. The plans are unfunded.

The amounts recognised in the Statements of Financial Position are determined as follows:

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Present value of unfunded obligations	21,998	20,050	18,539
Liability in the Statements of Financial Position	21,998	20,050	18,539

The movement in the defined benefit obligation during the financial year is as follows:

	2013 RM'000	2012 RM'000
At 1 December	20,050	18,539
Current service cost	1,049	844
Interest cost	944	800
Recognition of past service cost	10	-
Benefits paid	(160)	(133)
Amortisation of net gain	105	-
At 30 November	21,998	20,050

The amount recognised in the Income Statements are as follows:

	2013 RM'000	2012 RM'000
Current service cost	1,049	844
Interest cost	944	800
Recognition of past service cost	10	-
Amortisation of net gain	105	-
Total, included in management expenses (Note 30)	2,108	1,644

21 POST EMPLOYMENT BENEFIT OBLIGATION – DEFINED BENEFIT PLAN (CONTINUED)

(a) Pension benefits (continued)

The principal actuarial assumptions used were as follows:

	2013	**2012**
Weighted-average assumptions to determine benefit obligations		
Discount rate	4.50%	4.00%
Future salary increases	6.50%	6.50%
Measurement date	30-Nov-13	30-Nov-12
Assumptions to determine net cost		
Discount rate	4.00%	4.00%
Rate of compensation increases	6.50%	6.50%

(b) Post-employment medical benefits

The Group operates a post-employment medical benefit scheme. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes. The plans are unfunded.

In addition to the assumptions set out above, the main actuarial assumptions were as follows:

Assumed health care trend rate

	2013	**2012**
Immediate trend rate	7.50%	9.00%
Ultimate trend rate	4.25%	4.25%
Year that the rate reaches ultimate trend rate	2016	2016

The amounts recognised in the Statements of Financial Position are determined as follows:

	30.11.2013 RM'000	**30.11.2012 RM'000**	**1.12.2011 RM'000**
Present value of unfunded obligations	2,802	2,429	2,011
Liability in the Statements of Financial Position	2,802	2,429	2,011

21 POST EMPLOYMENT BENEFIT OBLIGATION – DEFINED BENEFIT PLAN (CONTINUED)

(b) Post-employment medical benefits (continued)

The movement in the defined benefit obligation is as follows:

	2013 RM'000	2012 RM'000
At 1 December	2,429	2,011
Current service cost	178	178
Interest cost	167	159
Recognition of past service cost	(14)	-
Amortisation of net loss	136	124
Benefits paid	(94)	(43)
At 30 November	2,802	2,429

The amount recognised in the Income Statements are as follows:

	2013 RM'000	2012 RM'000
Current service cost	178	178
Interest cost	167	159
Recognition of past service cost	(14)	-
Amortisation of net loss	136	124
Total, included in staff costs (Note 30)	467	461

Contributions expected to be paid to post-employment benefit plans subsequent to the financial year ended 30 November 2013 are RM690,000 (2012: RM345,000).

22 DUE TO ING MANAGEMENT HOLDINGS (MALAYSIA) SDN. BHD. STAFF GRATUITY SCHEME

The Company makes contribution to a defined benefit plan that provides retirement benefits for employees upon retirement. The ING Management Holdings (Malaysia) Sdn. Bhd. Staff Gratuity Scheme ("the Scheme") was set up pursuant to a Trust Deed, dated 22 April 2004 between Orange Policy Sdn. Bhd., the Trustees, AIA Bhd. and AIA Health Services Sdn. Bhd., effective from 1 January 2003. The Scheme was approved by the Inland Revenue Board as a tax exempt retirement benefits scheme under Section 150 of Income Tax Act 1967 effective from 1 January 2006.

22 DUE TO ING MANAGEMENT HOLDINGS (MALAYSIA) SDN. BHD. STAFF GRATUITY SCHEME (CONTINUED)

Benefits can only be paid to employees on retirement at age 55 years or earlier as a result of ill-health, on death-in-service and permanent emigration from Malaysia. If an employee leaves service, the benefit will be transferred to the EPF. The benefit amount shall be determined based on a proportion of the basic salary of an employee multiplied by the number of year of service less accumulated contributions made by the Company to the EPF.

(i) Statements of financial position

The amounts recognised in the statements of financial position are determined as follows:

	Group/Company 2013 RM'000
Present value of funded defined benefit obligation	66,082
Fair value of plan assets	(55,197)
Net unfunded status	10,885
Unrecognised actuarial losses	(7,497)
Net liability	3,388

The movement in the present value of the defined benefit obligations over the financial year is as follows:

	2013 RM'000
Business transfer in from Premium Policy Berhad (formerly known as ING Insurance Berhad)	67,061
Current service cost	3,025
Interest cost	1,547
Actuarial gains	(1,229)
Benefits paid	(4,322)
At 30 November	66,082

The movement of the fair value of the plan assets over the financial year is as follows:

	2013 RM'000
Business transfer in from Premium Policy Berhad (formerly known as ING Insurance Berhad)	58,473
Expected return on plan assets	1,135
Actuarial losses	(640)
Contribution by employer	551
Benefits paid	(4,322)
At 30 November	55,197

22 DUE TO ING MANAGEMENT HOLDINGS (MALAYSIA) SDN. BHD. STAFF GRATUITY SCHEME (CONTINUED)

(i) Statements of financial position (continued)

Plan assets consist of the following assets, stated at their respective fair values:

	Group/Company 2013 RM'000
MGS	-
Equities	-
Bonds	-
Others	55,197
	55,197

(ii) Statements of comprehensive income

The amounts recognised in the statements of comprehensive income are as follows:

	2013 RM'000
Current service cost	3,025
Interest cost	1,547
Expected return of plan assets	(1,136)
Actuarial loss recognised	111
Total, included in staff costs (Note 30)	3,547

(iii) Actuarial assumptions

Principal actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	2013 RM'000
Discount rate	5.20
Price inflation	3.50
Salary inflation rate	6.00
Expected rate of return on plan assets	n/a

The assumptions made for the expected rates of return on assets have been derived by considering best estimates for the expected long-term real rates of return from the main asset classes.

23 OPERATING REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gross premiums/ contributions (Note 24)	5,080,133	3,330,003	4,993,724	3,231,127
Investment income (Note 25)	1,360,018	954,128	1,356,781	950,831
	6,440,151	4,284,131	6,350,505	4,181,958

24 NET EARNED PREMIUMS/CONTRIBUTIONS REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(a) Gross earned premiums/ contributions				
Insurance contracts:				
Life/family takaful	4,569,487	2,915,794	4,483,078	2,816,918
General	510,646	414,209	510,646	414,209
Gross premiums/ Contributions (Note 23)	5,080,133	3,330,003	4,993,724	3,231,127
Change in premium liabilities	17,709	18,608	17,709	18,608
	5,097,842	3,348,611	5,011,433	3,249,735
(b) Premiums/contributions ceded to reinsurers/ retakaful operators				
Insurance contracts:				
Life/family takaful	(123,995)	(85,610)	(121,406)	(84,413)
General	(27,661)	(14,163)	(27,661)	(14,163)
Gross premiums/ contributions (ceded)	(151,656)	(99,773)	(149,067)	(98,576)
Change in premium liabilities	(2,034)	167	(2,034)	167
	(153,690)	(99,606)	(151,101)	(98,409)
Net earned premiums/ contributions revenue	**4,944,152**	**3,249,005**	**4,860,332**	**3,151,326**

25 INVESTMENT INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental income	3,158	1,758	3,158	1,758
Financial assets at FVTPL -				
Designated upon initial recognition:				
Interest/profit income	785,917	555,447	782,900	554,020
Dividend/distribution income:				
- equity securities quoted in Malaysia	187,903	112,551	187,390	112,317
- equity securities quoted outside Malaysia	-	2,356	-	2,356
- unit and property trusts	25,641	14,717	25,618	14,664
Amortisation of premiums - net	(25,062)	(9,237)	(24,966)	(9,189)
AFS financial assets				
Interest/profit income	235,977	150,013	234,042	147,226
Amortisation of premiums - net	(14,241)	(6,411)	(14,190)	(6,334)
Loan and receivables				
Interest/profit income	172,094	110,000	172,094	110,000
Investment in associate				
Dividend income				
- equity securities unquoted in Malaysia	-	-	3,500	1,855
Cash and cash equivalents				
Interest/profit income	(6,590)	27,795	(7,985)	27,015
Others	6,307	1,022	6,307	1,022
	1,371,104	960,011	1,367,868	956,710
Less:				
Investment expenses	(11,086)	(5,883)	(11,087)	(5,879)
	1,360,018	954,128	1,356,781	950,831

26 NET REALISED GAINS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property, plant and equipment				
Realised gains	389	146	389	146
AFS financial assets				
Realised gains:				
Debt securities				
- unquoted in Malaysia	14,315	6,545	14,229	5,847
- unquoted outside Malaysia	-	726	-	726
Realised losses:				
Debt securities				
- unquoted in Malaysia	(12,706)	(508)	(12,706)	(508)
- unquoted outside Malaysia	-	-	-	-
Total realised gains for AFS financial assets	1,609	6,763	1,523	6,065
Total net realised gains	1,998	6,909	1,912	6,211

27 FAIR VALUE (LOSSES)/GAINS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial assets at FVTPL ï				
- designated upon initial recognition	(413,860)	496,890	(413,020)	496,343

28 OTHER OPERATING EXPENSE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Foreign exchange loss:				
- realised	(1,846)	(4,548)	(905)	(4,777)
- unrealised	(10,364)	(8,435)	(10,364)	(8,435)
(Allowance)/reversal of allowance for impairment loss of:				
- intangibles assets	-	(12,656)	-	(12,656)
- loans	(26,294)	735	(26,294)	735
- insurance receivables	(384)	8,821	(384)	8,821
- other receivables	(2,087)	228	(2,087)	228
Written off of:				
- intangible assets	-	(59,806)	-	(59,806)
- loan and receivables	(194)	(873)	(194)	(873)
- property, plant and equipment	-	(2)	-	(2)
Service Level Agreement charges & other service fees from subsidiaries	-	-	11,631	7,422
Restructuring cost	(50,257)	-	(50,257)	-
Change in expense liability	(5,655)	-	-	-
Others	(10,687)	(8,661)	(14,931)	(6,644)
	(107,768)	(85,197)	(93,785)	(75,987)

29 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Gross benefits and claims paid				
Insurance/takaful contracts:				
Life/family takaful	(2,735,413)	(1,828,186)	(2,720,306)	(1,824,353)
General	(255,271)	(222,107)	(255,271)	(222,107)
	(2,990,684)	(2,050,293)	(2,975,577)	(2,046,460)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

29 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS (CONTINUED)

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
(b) Claims ceded to reinsurers/ retakaful operators				
Insurance/takaful contracts:				
Life/family takaful	86,297	27,307	85,086	27,307
General	12,595	6,019	12,595	6,019
	98,892	33,326	97,681	33,326
(c) Gross change to insurance/ takaful contracts liabilities				
Insurance/takaful contracts:				
Life/family takaful	(799,956)	(1,298,211)	(768,958)	(1,235,308)
General	9,024	(36,492)	9,024	(36,492)
	(790,932)	(1,334,703)	(759,934)	(1,271,800)
(d) Change in insurance/takaful contract liabilities ceded to reinsurers/retakaful operators				
Insurance/takaful contracts:				
Life/family takaful	(6,066)	931	(6,066)	931
General	(12,894)	(146)	(12,894)	(146)
	(18,960)	785	(18,960)	785

30 MANAGEMENT EXPENSES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Advertising	17,879	4,847	17,019	3,663
Auditors' remuneration				
Statutory audit				
- current year	1,266	860	1,076	780
- overprovision in prior year	-	(24)	-	-
Non audit services	482	-	432	-
Staff salaries & bonuses	181,114	114,793	172,487	108,751
Contribution to employees' provident fund	26,538	19,056	24,729	18,010
Pension benefits (Note 21(a))	2,108	1,644	2,108	1,644
Post-employment medical benefits (Note 21(b))	467	461	467	461
Staff gratuity cost (Note 22)	3,547	-	3,547	-
Share-based payment	8,123	2,539	7,735	2,219
Staff benefits	13,114	5,837	11,580	4,505
Travelling expenses	5,677	2,976	5,283	2,004
Office rental	11,656	4,221	11,544	4,213
Printing and stationery	8,679	3,724	8,300	3,440
Postage	13,900	9,034	13,466	8,761
Directors' remuneration and other emoluments	9,113	7,415	8,352	6,954
Depreciation				
- property, plant and equipment (Note 3)	22,735	15,733	22,242	15,393
- investment properties (Note 4)	8,851	1,686	8,851	1,686
Amortisation				
- prepaid lease land payments (Note 5)	22	18	22	18
- intangible assets (Note 6)	5,301	5,204	5,301	5,204
EDP expenses	24,355	18,980	24,130	18,581
PIDM premiums	9,835	7,710	9,835	7,710
Medical fees	3,187	1,339	3,187	1,339
Legal expenses	1,531	406	1,521	376
Repairs and maintenance	11,013	6,876	10,317	6,168
Other expenses	155,831	93,913	140,086	81,270
	546,324	329,248	513,617	303,150

30 MANAGEMENT EXPENSES (CONTINUED)

(i) The Director's remuneration and other emoluments is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive Director				
- Remuneration	4,969	5,860	4,685	5,860
- Share-based payment	2,965	677	2,965	677
- Other remuneration or emoluments	235	33	235	33
	8,169	6,570	7,885	6,570
Non-executive Directors				
- Fees	827	755	403	335
- Other remuneration or emoluments	117	90	64	49
	944	845	467	384
	9,113	7,415	8,352	6,954

The number of executive and non-executive directors whose total remuneration received during the financial year that fall within the following bands are as follows:

	Number of directors			
	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive director:				
RM4,000,001 – RM8,000,000	1	1	1	1
Non-executive directors:				
RM50,001 – RM100,000	-	1	-	1
RM100,001 – RM200,000	2	1	2	2
RM200,001 – RM300,000	-	-	1	-
RM300,001 – RM400,000	2	2	-	-

Total staff cost of the Group and Company (including Executive Director) is RM239,630,000 and RM226,988,000 (2012: RM150,900,000 and RM142,160,000) respectively.

The Executive Director is also the CEO of the Company.

31 TAXATION

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax expense/(income):				
- current	249,085	152,227	248,902	152,097
- deferred	(51,438)	34,736	(46,174)	33,287
	197,647	186,963	202,728	185,384
Current tax				
Current year	242,478	159,075	245,015	158,945
Over provision in prior financial years	6,607	(6,848)	3,887	(6,848)
	249,085	152,227	248,902	152,097
Deferred tax				
Origination and reversal of temporary differences	(46,571)	33,371	(46,449)	33,276
(Over)/under provision in prior financial years	(4,867)	1,365	275	11
	(51,438)	34,736	(46,174)	33,287
	197,647	186,963	202,728	185,384

31 TAXATION (CONTINUED)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows :

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	865,840	510,782	890,388	530,581
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	216,460	127,696	222,597	132,645
Income not subject to tax	(11,648)	(1,703)	(11,648)	(1,703)
Expenses not deductible for tax purposes	18,399	10,060	14,965	5,054
Tax relief on actuarial surplus transferred to shareholder's fund	(8,829)	(5,623)	(8,829)	(5,623)
Single tier tax relief	(1,613)	(1,589)	(1,613)	(1,589)
Effect of change in tax rate	(46,361)	(897)	(46,361)	(897)
Tax impact on investment income attributable to policyholders and unitholders	29,499	64,502	29,455	64,334
Under/(over) provision of tax expense in prior financial years	1,740	(5,483)	4,162	(6,837)
Tax expense for the financial year	197,647	186,963	202,728	185,384

32 EARNINGS PER SHARE

Basic earnings per share of the Group and the Company is calculated by dividing the profit attributable to ordinary equity holders of the Group and the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit attributable to the owners of the parent	669,490	328,008	687,660	345,197
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	482,246	241,706	482,246	241,706
	RM	RM	RM	RM
Basic earnings per share	1.38	1.36	1.42	1.43

The Group and the Company have no potential dilutive ordinary shares in issue as at date of Statements of Financial Position and therefore, diluted earning per share has not been presented.

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

33 DIVIDENDS

	Dividends proposed for approval at AGM		Dividends recognised in financial year	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Final dividends	320,000	300,000	320,000	300,000
Dividend rate (%), gross	41.7	124.1		
Dividend per share (sen), net	41.7	124.1		

33 DIVIDENDS (CONTINUED)

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 30 November 2013, of 41.7% on 767,438,174 ordinary shares, amounting to RM320 million (RM0.42 per ordinary share) will be proposed for Bank Negara Malaysia and shareholdersô approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by Bank Negara Malaysia and the shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 30 November 2014.

Of the proposed dividend of RM300 million in respect of the financial year ending 30 November 2012, RM300 million was approved by the Bank Negara Malaysia and shareholders and paid out in the current financial year.

34 BANK GUARANTEES - UNSECURED

At 30 November 2013, the Company had outstanding bank guarantees issued by third party financial institutions in the normal course of business totaling RM3,085,488 (2012: RM1,929,300).

35 CAPITAL COMMITMENTS

	Group and Company	
	2013	2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property and equipment	54,807	23
Intangible assets	2,966	-
Investments	97,110	-
	154,883	23
Approved but not contracted for:		
Property and equipment	32,746	6,039
Intangible assets	30,074	391
	62,820	6,430
	217,703	6,453

36 OPERATING LEASE ARRANGEMENTS

(a) The Company as lessee

The Company has entered into operating lease agreements for the use of buildings, computers and printers. These leases have 3 years lease terms.

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

	Group and Company 2013 RM'000
Future minimum rental payments:	
Not later than 1 year	14,785
Later than 1 year and not later than 3 years	14,463
	29,248

The lease payments recognised in the statements of comprehensive income during the financial year are disclosed in Note 30.

(b) The Company as lessor

The Company has entered into operating lease agreements on its investment property portfolio and certain self-occupied properties. These leases have remaining lease terms between 1 to 5 years. These leases generally include a clause to enable revision of rental charges upon expiry of the initial terms based on prevailing market rates. Certain leases include contingent rental arrangements computed on sales or profits achieved by tenants.

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group and Company 2013 RM'000
Not later than 1 year	22,769
Later than 1 year and not later than 5 years	18,807
	41,576

Rental income recognised in statements of comprehensive income during the financial year are described in Note 25.

37 RELATED PARTY DISCLOSURES

In the normal course of business, the Group and the Company undertake on agreed terms and prices, various transactions with the immediate holding company and other related corporations deemed related parties by virtue of them being members of AIA Group Limited and its subsidiaries ("AIA Group").

(a) Significant related party transactions

The Group had the following significant transactions with related parties during the financial year:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ultimate holding company:				
AIA Group Ltd.				
- Employees benefits payable	(8,141)	(3,215)	(7,753)	(2,895)
Fellow related companies				
AIA Company Ltd.				
- Group service fee paid	(37,582)	(22,664)	(37,582)	(22,664)
- Computer services paid	(3,747)	(875)	(3,747)	(875)
- Employees benefits received	-	(442)	-	(442)
- Others	(650)	166	(650)	166
AIA Shared Services Hong Kong				
- Computer services paid	(8,799)	(16,122)	(8,799)	(16,122)
- Managerial, secretarial or like services	(1,374)	(669)	(1,374)	(669)
AIA Information Technology (Guangzhou) Co. Ltd.				
- Computer services paid	(2,263)	(222)	(2,263)	(222)
AIA Information Technology (Beijing) Co. Ltd.				
- Computer services paid	(3,557)	(25)	(3,557)	(25)
AIA Company (Bermuda) Ltd.				
- Reinsurance	(26,460)	(25,090)	(26,460)	(25,090)

37 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fellow related Companies (continued)				
AIA Shared Services Sdn. Bhd.				
- Employees benefits received	490	-	490	-
- Computer services				
- paid	(2,431)	-	(2,431)	-
- received	881	704	881	704
- Rental received	358	231	358	231
- Insurance premiums received	757	780	757	780
- Interest on loans received	-	239	-	239
- Managerial, secretarial or like services				
- paid	(599)	(510)	(599)	(510)
- received	36	144	36	144
AIA Singapore Pte. Ltd.				
- Employees benefits paid	(1,729)	-	(1,729)	-
AIA Health Services Sdn. Bhd.				
- Claims administration fees				
- paid	(18,874)	-	(18,874)	-
- Managerial, secretarial or like services received	-	966	-	966
AIA Public Takaful Bhd.				
- Managerial, secretarial or like services received	982	-	982	-
Subsidiary companies				
AIA Takaful International Bhd.				
- Rental received	-	-	-	9
- Managerial, secretarial or like services				
- paid	-	-	-	(6)
- received	-	-	-	13
- Insurance premium received	-	-	-	2

37 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiary companies (continued)				
AIA AFG Takaful Bhd.				
- Rental received	-	-	694	688
- Computer services received	-	-	114	-
- Managerial, secretarial or like services received	-	-	7,943	7,414
- Insurance premium received	-	-	149	103
AIA Pension & Asset Management Bhd.				
- Rental received	-	-	111	-
- Computer services received	-	-	-	44
- Managerial, secretarial or like services received	-	-	128	-
- Insurance premium received	-	-	24	-

(b) Related party balances

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Receivables				
Other receivables	2,115	147	5,306	909
Payables				
Other payables	(16,287)	(4,061)	(16,287)	(4,061)

The amount due from/(to) related parties are unsecured, interest free and repayable within 30 days.

37 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

The compensation of key management personnel during the financial year are as follows:

	Group and Company	
	2013	2012
	RM'000	RM'000
Short-term employee benefits	13,333	5,455
Post-employment benefits		
- Defined contribution plan	-	1,028
Other long-term employee benefits	8,883	3,233
Share-based payment	35	688
	22,251	10,404

Included in the compensation of key management personnel are:

	Group and Company	
	2013	2012
	RM'000	RM'000
Executive Director's		
- Remuneration	7,931	5,860
- Share-based payment	3	677
- Other remuneration or emoluments	235	33
	8,169	6,570

Members of key management comprise those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

38 RISK MANAGEMENT FRAMEWORK

(a) Risk management framework

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

(b) Capital management framework

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

This is in line with Bank Negara Malaysia's ("BNM") Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") Policy and Procedure for Insurers and Risk Based Capital Framework ("the RBC Framework") which specifies elements of active management of capital adequacy covering:

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

The ICAAP Policy and procedure sets out the overall process (including oversight and operational frameworks and processes) where the Company ensures adequate capital to meet its capital requirements on an ongoing basis in line with BNM Guidelines on ICAAP for Insurers, the RBC Framework and BNM Guidelines on Stress Testing for Insurers.

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

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

38 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital management framework (continued)

A Capital Management Plan has been established which list the thresholds that act as triggers for actions to ensure maintenance of appropriate capital levels at all times as well as the corresponding corrective action that are required at each specified thresholds. The thresholds set and capture important capital levels such as target operating level, ITCL and supervisory target capital level together with the corresponding corrective actions that are triggered by each threshold.

The planning and assessment of capital and ITCL will be formally conducted by senior management at least annually or as and when the need arises. The result will be reported to the Board and/ or the Board Risk Management Committee ("RMC").

(c) Governance and regulatory framework

The Group is required to comply with the requirements of the relevant Regulations, laws and guidelines including those from Bank Negara Malaysia (BNM), Securities Commission, Life Insurance Association of Malaysia ("LIAM") and Persatuan Insurans Am Malaysia ("PIAM").

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

(d) Operational risks

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

The Group performs operational risk management to manage operational risk via the process of:

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

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

39 INSURANCE/TAKAFUL RISK

The Group considers insurance/takaful risk to be a combination of the following component risks:

(a) Product design risk;

(b) Pricing and underwriting risk;

(c) Lapse risk; and

(d) Claims volatility risk.

The Group manages its exposure to insurance/takaful risk across a spectrum of components. The Group have significant underwriting and actuarial resources and have implemented well-defined underwriting and actuarial guidelines and practices. The Group have accumulated substantial experience which assists in the evaluation, pricing and underwriting of its products. The Group's Product Development Committee (ñPDCò) and Financial Risk Committee (ñFRCò) play an important oversight role in relation to these insurance/takaful related risks, as discussed below. Insurance/takaful risk exposure is also considered when Financial Risk Committee reviews the strategic asset allocation plan and asset-liability management strategies.

(a) Product design risk

Product design risk refers to potential defects in the development of a particular insurance/takaful product. Product development process is overseen by PDC and FRC, which oversee the pricing guidelines set by AIA Group. The Group seek to manage this risk by completing pre-launch reviews of each new product including product management, actuarial, legal and underwriting. The Group have substantial experience and have developed significant expertise in identifying potential flaws in product development that could expose the Group to excessive risks. The Group monitor closely the performance of new products and focus on actively managing each part of the actuarial control cycle to minimise risk in both in-force policies and new products.

(b) Pricing and underwriting risk

Pricing and underwriting risk refer to the possibility of product related income being inadequate to support future obligations arising from an insurance/takaful product. The Group seeks to manage pricing and underwriting risk by adhering to its underwriting guidelines.

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(b) Pricing and underwriting risk (continued)

The Group maintains a team of professional underwriters who review and select risks consistent with our acceptable risk profile and underwriting strategy. A second layer of underwriting review is conducted at the AIA Group level for complex and large risks. In certain circumstances, such as when the Group enters new lines of business, products or markets and do not have sufficient experience data, it makes use of reinsurance/retakaful to obtain product pricing expertise. The use of reinsurance/retakaful subjects the Group to the risk that the reinsurers/retakaful operators become insolvent or fail to make any payment when due to the Group. The Group allows for an appropriate level of expenses in its product pricing that reflects a realistic medium to long term view of its cost structure. In daily operations, the Group adheres to a disciplined expense budgeting and management process that controls expenses within the product pricing allowances over the medium to long term.

(c) Lapse risk

Lapse risk refers to the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced. It includes the potential financial loss incurred due to early termination of policies or contracts in circumstances where the acquisition costs incurred are no longer recoverable from future revenue. The Group carries out regular reviews of persistency experience and the results are assimilated into new and in-force product management. In addition, many of the Group's products include surrender charges that entitle the Group to additional fees upon early termination by policyholders, thereby reducing its exposure to lapse risk.

(d) Claims volatility risk

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

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts

The insurance/takaful risk of life insurance/family takaful contracts consists of mortality/longevity and calamity risks. Mortality/longevity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as under-estimation of these probabilities. Calamity risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics.

The table below shows the concentration of actuarial liabilities by types of contract reflects product features of insurance/takaful risk associated.

Group

	Gross			Reinsurance			
30 November 2013	**With DPF**	**Without DPF**	**Total**	**With DPF**	**without DPF**	**Total**	**Net**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Whole life	17,109,945	1,153,113	18,263,058	(10,474)	(10,551)	(21,025)	18,242,033
Endowment	5,300,942	383,771	5,684,713	(194)	(581)	(775)	5,683,938
Term assurance	199,067	1,459,449	1,658,516	(1)	(30,769)	(30,770)	1,627,746
Riders	(362,098)	290,355	(71,743)	(760)	(1,678)	(2,438)	(74,181)
Others	203,027	264,193	467,220	-	-	-	467,220
Total	22,450,883	3,550,881	26,001,764	(11,429)	(43,579)	(55,008)	25,946,756

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts (continued)

Group (continued)

	Gross			Reinsurance			
30 November 2012	**With DPF**	**Without DPF**	**Total**	**With DPF**	**without DPF**	**Total**	**Net**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Whole life	8,788,463	541,941	9,330,404	(24)	(164)	(188)	9,330,216
Endowment	1,743,185	215,371	1,958,556	(1)	(2)	(3)	1,958,553
Term assurance	244,938	452,707	697,645	-	(14)	(14)	697,631
Riders	(90,092)	(36,317)	(126,409)	-	(79)	(79)	(126,488)
Others	125,498	130,193	255,691	-	-	-	255,691
Total	10,811,992	1,303,895	12,115,887	(25)	(259)	(284)	12,115,603
1 December 2011							
Whole life	7,747,736	418,420	8,166,156	(25)	(151)	(176)	8,165,980
Endowment	1,721,847	405,393	2,127,240	(1)	(2)	(3)	2,127,237
Term assurance	291,552	525,952	817,504	-	(15)	(15)	817,489
Riders	(95,590)	(53,189)	(148,779)	-	(64)	(64)	(148,843)
Others	158,764	125,106	283,870	-	-	-	283,870
Total	9,824,309	1,421,682	11,245,991	(26)	(232)	(258)	11,245,733

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts (continued)

Company (continued)

Company

	Gross			Reinsurance			
30 November 2013	**With DPF**	**Without DPF**	**Total**	**With DPF**	**without DPF**	**Total**	**Net**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Whole life	17,109,945	1,153,113	18,263,058	(10,474)	(10,551)	(21,025)	18,242,033
Endowment	5,300,940	383,771	5,684,711	(194)	(581)	(775)	5,683,936
Term assurance	194,796	1,459,449	1,654,245	(1)	(30,769)	(30,770)	1,623,475
Riders	(362,154)	290,355	(71,799)	(760)	(1,678)	(2,438)	(74,237)
Others	200,619	264,193	464,812	-	-	-	464,812
Total	22,444,146	3,550,881	25,995,027	(11,429)	(43,579)	(55,008)	25,940,019
30 November 2012							
Whole life	8,788,463	541,941	9,330,404	(24)	(164)	(188)	9,330,216
Endowment	1,743,184	215,371	1,958,555	(1)	(2)	(3)	1,958,552
Term assurance	243,244	452,707	695,951	-	(14)	(14)	695,937
Riders	(90,073)	(36,317)	(126,390)	-	(79)	(79)	(126,469)
Others	120,139	130,193	250,332	-	-	-	250,332
Total	10,804,957	1,303,895	12,108,852	(25)	(259)	(284)	12,108,568

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts (continued)

Company (continued)

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	without DPF RM'000	Total RM'000	Net RM'000
1 December 2011							
Whole life	7,747,737	418,420	8,166,157	(23)	(151)	(174)	8,165,983
Endowment	1,713,220	405,393	2,118,613	(1)	(2)	(3)	2,118,610
Term assurance	291,375	525,952	817,327	-	(15)	(15)	817,312
Riders	(95,673)	(53,189)	(148,862)	-	(64)	(64)	(148,926)
Others	157,993	125,106	283,099	-	-	-	283,099
Total	9,814,652	1,421,682	11,236,334	(24)	(232)	(256)	11,236,078

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts (continued)

Key assumptions

Mortality, Total Permanent Disability and Critical Illness

Mortality, total permanent disability and critical illness assumption was derived based on past experience, and expectation of current and future experience. In the absence of credible experience, reference has been made to pricing assumptions.

Expenses

Expenses assumption was based on 100% of expense unit cost factors as derived in the current expense analysis and expense inflation rate was based on expectation of long-term consumer price index. In the absence of credible experience, reference has been made to pricing assumptions.

Lapse and surrender rates

Lapse rate assumption was derived based on past experience and best estimate of current and future experience. Lapse rate assumptions vary by policy year and product type with different rates for regular and single premium products. Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions. In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

Discount rate

The risk-free discount rate was derived from a yield curve, as follows:

1 for policiesôduration of less than 15 years: zero-coupon spot yields of Malaysian Government Securities ("MGS") with matching duration; and

2 for policiesôduration of 15 years or more: zero-coupon spot yields of MGS with 15 years term to maturity

For Australian Dollar-denominated non-participating life policies, the discount rate was based on zero-coupon yield of Australian government securities.

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts (continued)

Key assumptions (continued)

Discount rate (continued)

Where total guaranteed and non-guaranteed benefits were considered, the discount rate was the current portfolio yield (as at the valuation date) of the participating life funds graded linearly to the long-term interest rate over 9 years. Long-term interest rate refers to the long-term interest assumption for the participating fund, which was determined based on the expected long term asset mix for the participating fund, historical yields on these asset classes over the last 5 years, as well as current market yields and future outlook. The 9-year-graded-period was based on a study of the weighted average term to maturity of the current bond portfolio of the participating fund. The methodology for determining the participating portfolio interest rate, the grading period and the long-term interest rate assumption is consistent with methodology adopted in the insurer's annual bonus investigations.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net actuarial liabilities included in insurance/takaful contract liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(i) Life insurances/family takaful contracts (continued)

Key assumptions (continued)

Sensitivities (continued)

		Group			Company		
	Change in assumption	Impact on gross/net actuarial liabilities	Impact on profit before tax	Impact on equity	Impact on gross/net actuarial liabilities	Impact on profit before tax	Impact on equity
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 November 2013							
Mortality	+10	412,313	176,488	143,387	412,047	176,488	143,387
Expenses	+10	168,838	43,298	35,177	168,838	43,298	35,177
Lapse rates	+10	(57,621)	49,273	40,032	(57,618)	49,273	40,032
Discount rate	-0.5	300,713	221,696	180,116	300,709	221,696	180,116
30 November 2012							
Mortality	+10	278,963	142,035	115,396	278,348	142,035	115,396
Expenses	+10	73,568	22,044	17,910	73,568	22,044	17,910
Lapse rates	+10	(18,495)	32,197	26,158	(18,510)	32,197	26,158
Discount rate	-0.5	179,712	138,643	112,640	179,705	138,643	112,640

The impact from the changes in the above assumptions to the insurance/takaful contracts with DPF has taken into consideration of flexibility to adjust the policyholders'/certificate holders' bonus or dividends.

(ii) General insurance

The insurance risk of general insurance contracts consists of premium and reserve risks. Premium risk represents the risk of loss because of an unexpected high loss volume resulting in an insufficient coverage of premiums. Reserve risks represents the risk of loss resulting from deviations between payments for incurred losses that have not yet been definitely settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves.

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

The table below shows the concentration of General insurance contract liabilities by type of contract.

	30 November 2013			30 November 2012			1 December 2011		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Claim liabilities									
Personal Accident	77,541	(11,915)	65,626	74,251	(2,529)	71,722	60,080	(2,434)	57,646
Medical	26,775	(647)	26,128	27,876	(610)	27,266	23,144	(707)	22,437
Motor	114,404	3,339	117,743	61,231	(1,069)	60,162	42,962	(1,182)	41,780
Fire	9,012	(5,909)	3,103	1,075	(54)	1,021	1,895	(94)	1,801
Misc & Liabilities	2,215	(318)	1,897	1,580	(87)	1,493	1,440	(78)	1,362
Total general insurance	229,947	(15,450)	214,497	166,013	(4,349)	161,664	129,521	(4,495)	125,026
Premium liabilities									
Personal Accident	66,573	(3,527)	63,046	38,071	(1,076)	36,995	44,474	(1,035)	43,439
Medical	239,215	(2,253)	236,962	266,167	(1,853)	264,314	278,429	(1,754)	276,675
Motor	38,186	(480)	37,706	24,407	(440)	23,967	24,408	(430)	23,978
Fire	2,794	(469)	2,325	1,026	(61)	965	1,108	(54)	1,054
Misc & Liabilities	682	(145)	537	351	(20)	331	211	(10)	201
Total general insurance	347,450	(6,874)	340,576	330,022	(3,450)	326,572	348,630	(3,283)	345,347

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Key assumptions

Expenses

Three elements of management expenses were considered, namely marketing, claims-related and premium-related expense. The premium-related expense is further segregated into two parts, i.e. a one-off expense incurred at the policy issuance and an on-going expense incurred during the policy period. Expenses provision only takes into account the provision for claims-related expenses and the on-going premium-related expenses in outstanding claims liabilities and unexpired premium liabilities, respectively.

Premium liabilities

(a) Medical ï Active Life

Premium liabilities for level premium medical plans (such as critical illness and cancer) with a coverage term of more than one year was estimated based on an Active Life reserve. The Health Guard ("HG") Plan and the Critical Illness Protection Plan ("CIPP") makes up the bulk of the Active Life reserve. The Active Life reserve is calculated as the present value of the sum of future benefits and future expenses including commissions minus present value of future office premiums.

(b) Other classes:

Premium liabilities for other classes of general insurance is the higher of Unexpired Risk Reserves (ñURRò) at 75% probability of adequacy or Unearned Premium Reserves (ñUPRò).

Unexpired risk reserve was assumed as the adjusted unearned premium reserve (net of reinsurance after adjustment for non-qualifying offshore reinsurance but gross of commission) multiplied by the resultant Ultimate Loss Ratio ("ULR") for the most recent loss year.

Provision for claims related expenses and overheads expenses are added to the ultimate unexpired risk reserves plus Provision of Risk Margin for Adverse Deviation (ñPRADò) as follows:

Å Provision for claims related expense at 6.8% of the unexpired risk to allow for internal claims expenses including staff costs and administrative expenses expected to be incurred in settling claims on the unexpired portion of risk. This rate was based on the most recent financial yearøs data of claims-related expenses against outstanding claims reserves held at the beginning of the year.

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Key assumption (continued)

Premium liabilities (continued)

(b) Other classes: (continued)

- Provision for overhead expense at 3.3% of the unearned premium reserve (gross of reinsurance and commission) to allow for on-going premium-related expenses including staff costs and administrative expenses not related to settling claims. This rate was based on a historic comparison of management expenses against gross written premiums over the most recent financial year, apportioned to exclude claims expenses and upfront expenses like marketing and underwriting costs.

Claims liabilities

Claims liabilities include provision for outstanding claims of Incurred But Not Reported ("IBNR") and Incurred But Not Enough Reported ("IBNER") claims on best estimate basis using the Link Ratio method with a Bornhueter-Ferguson adjustment on a paid claims basis for all classes of business. Provision for claims-related expense is included.

We do not make explicit allowance for future inflation; however an implicit allowance is made because they project past development rates of claim inflation contained within the data's historical claim development.

Sensitivities

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

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net claim liabilities included in insurance / takaful contract liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Key assumption (continued)

Sensitivities (continued)

	Change in assumption %	Impact on gross insurance contract liabilities RM'000	Impact on net insurance contract liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
30 November 2013					
Expected loss ratio	+10	97,850	96,057	(96,057)	(72,043)
30 November 2012					
Expected loss ratio	+10	41,290	40,135	(40,135)	(30,101)

Claims development table

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

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

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39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Gross General Insurance Contract Liabilities for 2013:

Accident year	Before 2007	2007	2008	2009	2010	2011	2012	2013	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		96,389	117,961	138,193	137,903	147,235	172,447	326,830	
One year later		143,757	173,671	188,417	189,803	194,562	258,286		
Two years later		150,300	183,060	195,310	199,337	228,606			
Three years later		156,325	185,632	196,907	216,422				
Four years later		157,933	187,064	212,863					
Five years later		159,213	196,199						
Six years later		164,868							
Current estimate of cumulative claims incurred	6,355	164,868	196,199	212,863	216,422	228,606	258,286	326,830	1,610,429
At end of accident year		(97,185)	(118,852)	(138,852)	(138,675)	(147,930)	(173,048)	(190,578)	
One year later		(144,980)	(175,103)	(190,181)	(191,962)	(196,043)	(223,690)		
Two years later		(151,494)	(184,747)	(197,996)	(202,267)	(207,101)			
Three years later		(157,363)	(187,388)	(199,943)	(205,112)				
Four years later		(158,961)	(188,865)	(201,892)					
Five years later		(160,220)	(191,214)						
Six years later		(160,895)							
Cumulative payments to-date		(160,895)	(191,214)	(201,892)	(205,112)	(207,101)	(223,690)	(190,578)	(1,380,482)
Gross general insurance contract liabilities per Statements of Financial Position	6,355	3,973	4,985	10,971	11,310	21,505	34,596	136,252	229,947

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Net General Insurance Contract Liabilities for 2013:

Accident year	Before 2007 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	Total RM'000
At end of accident year		92,033	108,586	126,932	131,632	141,968	163,596	317,387	
One year later		136,919	152,148	173,908	181,079	186,706	244,379		
Two years later		142,547	160,784	180,407	189,274	218,255			
Three years later		147,863	163,230	181,782	205,182				
Four years later		149,432	164,443	194,011					
Five years later		150,661	170,678						
Six years later		155,930							
Current estimate of cumulative claims incurred	4,806	155,930	170,678	194,011	205,182	218,255	244,379	317,387	1,510,628
At end of accident year		(92,791)	(109,644)	(127,353)	(132,236)	(142,638)	(164,372)	(185,580)	
One year later		(138,153)	(153,871)	(175,183)	(182,888)	(188,136)	(212,317)		
Two years later		(143,735)	(162,780)	(182,643)	(191,774)	(198,375)			
Three years later		(148,872)	(165,310)	(184,367)	(194,404)				
Four years later		(150,423)	(166,578)	(186,061)					
Five years later		(151,632)	(167,116)						
Six years later		(152,278)							
Cumulative payments to-date		(152,278)	(167,116)	(186,061)	(194,404)	(198,375)	(212,317)	(185,580)	(1,296,131)
Net general insurance contract liabilities per Statements of Financial Position	4,806	3,652	3,562	7,950	10,778	19,880	32,062	131,807	214,497

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Gross General Insurance Contract Liabilities for 2012:

Accident year	Before 2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Total RM'000
At end of accident year		77,019	78,886	96,898	114,556	126,548	140,064	251,779	
One year later		101,170	111,000	127,990	152,190	168,523	211,492		
Two years later		106,778	114,525	134,953	157,782	191,178			
Three years later		108,711	116,541	136,185	168,659				
Four years later		113,242	117,349	142,919					
Five years later		113,676	121,625						
Six years later		117,300							
Current estimate of cumulative claims incurred	2,456	117,300	121,625	142,919	168,659	191,178	211,492	251,779	1,207,408
At end of accident year		(77,013)	(78,791)	(96,732)	(114,439)	(126,340)	(138,185)	(158,718)	
One year later		(101,122)	(110,980)	(127,935)	(152,097)	(168,626)	(177,786)		
Two years later		(106,677)	(114,730)	(135,108)	(157,786)	(176,546)			
Three years later		(108,576)	(116,891)	(136,438)	(158,875)				
Four years later		(113,058)	(117,721)	(137,182)					
Five years later		(113,482)	(118,505)						
Six years later		(113,783)							
Cumulative payments to-date		(113,783)	(118,505)	(137,182)	(158,875)	(176,546)	(177,786)	(158,718)	(1,041,395)
Gross general insurance contract liabilities per Statements of Financial Position	2,456	3,517	3,120	5,737	9,784	14,632	33,706	93,061	166,013

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Net General Insurance Contract Liabilities for 2012:

Accident year	Before 2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Total RM'000
At end of accident year		74,310	77,646	93,883	110,033	121,455	135,790	246,445	
One year later		97,442	109,131	123,898	146,091	161,723	205,183		
Two years later		102,753	112,562	130,594	151,429	183,609			
Three years later		104,582	114,527	131,776	161,865				
Four years later		108,872	115,318	138,278					
Five years later		109,282	119,484						
Six years later		112,728							
Current estimate of cumulative claims incurred	2,084	112,728	119,484	138,278	161,865	183,609	205,183	246,445	1,169,676
At end of accident year		(74,304)	(77,553)	(93,724)	(109,922)	(121,256)	(131,693)	(155,263)	
One year later		(97,397)	(109,107)	(123,845)	(146,002)	(161,823)	(172,311)		
Two years later		(102,659)	(112,752)	(130,741)	(151,432)	(169,419)			
Three years later		(104,454)	(114,856)	(132,018)	(152,471)				
Four years later		(108,699)	(115,668)	(132,732)					
Five years later		(109,100)	(116,432)						
Six years later		(109,384)							
Cumulative payments to-date		(109,384)	(116,432)	(132,732)	(152,471)	(169,419)	(172,311)	(155,263)	(1,008,012)
Net general insurance contract liabilities per Statements of Financial Position	2,084	3,344	3,052	5,546	9,394	14,190	32,872	91,182	161,664

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Gross General Insurance Contract Liabilities for 2011:

Accident year	Before 2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year		61,366	77,077	78,980	97,442	115,367	127,275	213,622	
One year later		83,952	100,890	111,167	128,934	153,591	190,431		
Two years later		89,543	106,033	114,672	136,043	170,105			
Three years later		91,039	107,656	116,676	143,453				
Four years later		91,990	111,761	121,350					
Five years later		92,396	116,790						
Six years later		95,008							
Current estimate of cumulative claims incurred	2,568	95,008	116,790	121,350	143,453	170,105	190,431	213,622	1,053,327
At end of accident year		(61,359)	(77,013)	(78,791)	(96,732)	(114,439)	(126,340)	(135,908)	
One year later		(83,917)	(101,122)	(110,980)	(127,935)	(152,097)	(168,626)		
Two years later		(89,456)	(106,677)	(114,730)	(135,108)	(157,786)			
Three years later		(90,916)	(108,576)	(116,891)	(136,438)				
Four years later		(91,858)	(113,058)	(117,721)					
Five years later		(92,253)	(113,482)						
Six years later		(93,845)							
Cumulative payments to-date		(93,845)	(113,482)	(117,721)	(136,438)	(157,786)	(168,626)	(135,908)	(923,806)
Gross general insurance contract liabilities per Statements of Financial Position	2,568	1,163	3,308	3,629	7,015	12,319	21,805	77,714	129,521

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

39 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Net General Insurance Contract Liabilities for 2011:

Accident year	Before 2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year		33,502	74,365	77,744	94,406	110,808	122,152	207,173	
One year later		49,021	97,180	109,302	124,806	147,428	182,848		
Two years later		53,732	102,055	112,715	131,641	163,222			
Three years later		54,947	103,592	114,669	138,775				
Four years later		55,701	107,482	119,223					
Five years later		56,061	112,239						
Six years later		58,273							
Current estimate of cumulative claims incurred	2,281	58,273	112,239	119,223	138,775	163,222	182,848	207,173	984,034
At end of accident year		(33,496)	(74,304)	(77,553)	(93,724)	(109,922)	(121,256)	(131,693)	
One year later		(48,989)	(97,397)	(109,107)	(123,845)	(146,002)	(161,823)		
Two years later		(53,650)	(102,659)	(112,752)	(130,741)	(151,432)			
Three years later		(54,832)	(104,454)	(114,856)	(132,018)				
Four years later		(55,578)	(108,699)	(115,668)					
Five years later		(55,927)	(109,100)						
Six years later		(57,274)							
Cumulative payments to-date		(57,274)	(109,100)	(115,668)	(132,018)	(151,432)	(161,823)	(131,693)	(859,008)
Net general insurance contract liabilities per Statements of Financial Position	2,281	999	3,139	3,555	6,757	11,790	21,025	75,480	125,026

40 FINANCIAL RISKS

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

Financial risks of investment-linked investment is not further provided and analysed as the financial risks in respect of investment-linked investments are generally wholly borne by the policyholders/participants, and do not directly affect the profit before tax. Furthermore, investment-linked policyholders/participants are responsible for allocation of their policy/certificate values amongst investment options offered by the Group. Although profit before tax is not affected by Investment-linked Investments, the investment return from such financial investments is included in the Group’s Income Statement, as the Group has selected the fair value option for all Investment-linked Investments with corresponding change in insurance/takaful contract liabilities for investment-linked contracts.

(a) Credit risk

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

- cash and cash equivalents;
- investments in debt securities;
- loans and receivables (including insurance receivables); and
- reinsurance receivables.

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

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

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

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

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

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the Statements of Financial Position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

Group	Insurance and shareholders' fund RM'000	Investment linked RM'000	Total RM'000
At 30 November 2013			
Available-for-sale financial assets	7,058,308	-	7,058,308
Fair value through profit or loss financial assets	25,546,257	3,622,186	29,168,443
Loan and receivables	4,364,754	12,057	4,376,811
Reinsurance/retakaful assets	100,794	-	100,794
Insurance/takaful receivables	364,096	-	364,096
Cash and cash equivalents	406,535	207,358	613,893
	37,840,744	3,841,601	41,682,345
At 30 November 2012			
Available-for-sale financial assets	3,174,384	-	3,174,384
Fair value through profit or loss financial assets	14,566,642	2,238,554	16,805,196
Loan and receivables	1,967,311	19,307	1,986,618
Reinsurance/retakaful assets	12,048	-	12,048
Insurance/takaful receivables	153,502	-	153,502
Cash and cash equivalents	239,489	144,519	384,008
	20,113,376	2,402,380	22,515,756
At 1 December 2011			
Available-for-sale financial assets	3,147,491	-	3,147,491
Fair value through profit or loss financial assets	12,952,292	1,551,811	14,504,103
Loan and receivables	2,047,716	43,998	2,091,714
Reinsurance assets	11,096	-	11,096
Insurance receivables	143,302	-	143,302
Cash and cash equivalents	483,453	305,911	789,364
	18,785,350	1,901,720	20,687,070

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company	Insurance and shareholders' fund RM'000	Investment linked RM'000	Total RM'000
At 30 November 2013			
Available-for-sale financial assets	7,003,986	-	7,003,986
Fair value through profit or loss financial assets	25,453,917	3,591,697	29,045,614
Loan and receivables	4,352,232	11,781	4,364,013
Reinsurance assets	100,794	-	100,794
Insurance receivables	364,096	-	364,096
Cash and cash equivalents	375,057	206,359	581,416
	37,650,082	3,809,837	41,459,919
At 30 November 2012			
Available-for-sale financial assets	3,111,915	-	3,111,915
Fair value through profit or loss financial assets	14,512,954	2,218,478	16,731,432
Loan and receivables	1,967,732	18,875	1,986,607
Reinsurance assets	12,048	-	12,048
Insurance receivables	153,502	-	153,502
Cash and cash equivalents	175,804	143,835	319,639
	19,933,955	2,381,188	22,315,143
At 1 December 2011			
Available-for-sale financial assets	3,073,470	-	3,073,470
Fair value through profit or loss financial assets	12,947,037	1,540,561	14,487,598
Loan and receivables	2,048,032	43,920	2,091,952
Reinsurance assets	11,096	-	11,096
Insurance receivables	143,302	-	143,302
Cash and cash equivalents	460,408	301,991	762,399
	18,683,345	1,886,472	20,569,817

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Standard and Poor's credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to A are classified as speculative grade.

Group	Neither past due nor impaired						
	Investment grade (AAA-A)	Not rated	Not impaired	Past due and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2013							
AFS financial assets							
Malaysian government securities	18,397	2,067,335	-	-	-	-	2,085,732
Cagamas papers	536,517	17,306	-	-	-	-	553,823
Corporate debt securities	2,609,102	1,618,774	-	-	-	-	4,227,876
Deposits with licensed banks	-	110,053	-	-	-	-	110,053
FVTPL financial assets							
Malaysian government securities	377,649	5,952,574	-	-	17,725	-	6,347,948
Cagamas papers	1,872,140	3,054	-	-	29,043	-	1,904,237
Equity securities	-	-	-	-	1,820,363	4,538,354	6,358,717
Real estate investment trust	-	-	-	-	344,835	574,067	918,902
Corporate debt securities	5,367,891	6,561,966	-	-	709,523	-	12,639,380
Mutual fund	-	20,405	-	-	678,840	-	699,245
Deposits with licensed banks	-	68,485	-	-	5,041	-	73,526
Malaysian government guarantee loans	-	-	-	-	8,000	-	8,000

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Group (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Past due: Not impaired	Past due and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2013 (continued)							
Loans and receivables							
Malaysian government guarantee loans	-	517,000	-	-	-	-	517,000
Loan receivables	-	3,387,830	83,687	43,083	-	-	3,514,600
Fixed and call deposits with licensed bank	-	90,000	-	-	-	-	90,000
Other receivables	-	182,477	-	3,095	12,057	46,693	244,322
Reinsurance/retakaful assets	-	100,794	-	-	-	-	100,794
Insurance/takaful receivables	-	364,096	-	972	-	-	365,068
Cash and cash equivalents	4,443	402,092	-	-	207,358	-	613,893
Accrued interests	-	336,023	-	-	8,816	-	344,839
Allowance for impairment losses	-	-	-	(35,610)	-	-	(35,610)
	10,786,139	21,800,264	83,687	11,540	3,841,601	5,159,114	41,682,345

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Group (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Not impaired	Past due and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2012							
AFS financial assets							
Malaysian government securities	18,939	877,095	-	-	-	-	896,034
Cagamas papers	468,571	-	-	-	-	-	468,571
Corporate debt securities	1,047,860	701,374	-	-	-	-	1,749,234
Deposits with licensed banks	-	20,229	-	-	-	-	20,229
FVTPL financial assets							
Malaysian government securities	1,011	3,175,599	-	-	1,105	-	3,177,715
Cagamas papers	1,413,946	-	-	-	10,459	-	1,424,405
Equity securities	-	-	-	-	1,123,493	2,221,767	3,345,260
Real estate investment trust	-	-	-	-	88,680	309,800	398,480
Corporate debt securities	3,449,046	3,709,107	-	-	532,439	-	7,690,592
Mutual fund	-	-	-	-	475,378	-	475,378
Deposits with licensed banks	-	159,431	-	-	-	-	159,431

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Group (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Not impaired	Past due and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2012 (continued)							
Loans and receivables							
Malaysian government guarantee loans	-	175,000	-	-	-	-	175,000
Loan receivables	-	1,611,843	14,150	5,969	-	-	1,631,962
Fixed and call deposits with licensed bank	-	100,000	-	-	5,029	-	105,029
Other receivables	-	25,447	-	1,008	14,178	24,637	65,270
Reinsurance/retakaful assets	-	12,048	-	-	-	-	12,048
Insurance/takaful receivables	-	153,502	-	588	-	-	154,090
Cash and cash equivalents	-	239,489	-	-	144,519	-	384,008
Accrued interests	-	182,765	-	-	7,100	-	189,865
Allowance for impairment losses	-	-	-	(6,845)	-	-	(6,845)
	6,399,373	11,142,929	14,150	720	2,402,380	2,556,204	22,515,756

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Group (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Past due: Not impaired	Past due: and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 December 2011							
AFS financial assets							
Malaysian government securities	-	973,455	-	-	-	-	973,455
Cagamas papers	252,236	-	-	-	-	-	252,236
Corporate debt securities	1,239,696	581,258	-	-	-	-	1,820,954
Deposits with licensed banks	-	61,881	-	-	-	-	61,881
FVTPL financial assets							
Malaysian government securities	-	3,868,028	-	-	41,505	-	3,909,533
Cagamas papers	811,894	-	-	-	-	-	811,894
Equity securities	-	-	-	-	768,899	1,993,546	2,762,445
Real estate investment trust	-	-	-	-	52,105	187,996	240,101
Corporate debt securities	3,265,685	2,411,397	-	-	447,307	-	6,124,389
Mutual fund	-	-	-	-	236,617	-	236,617
Deposits with licensed banks	-	312,200	-	-	-	-	312,200

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

	Neither past due nor impaired			Past due			
Group (continued)	**Investment grade (AAA-A)**	**Not rated**	**Not impaired**	**and impaired/ partially impaired**	**Investment-linked**	**Not subject to credit risks**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 December 2011 (continued)							
Loans and receivables							
Malaysian government guarantee loans	-	175,000	-	-	-	-	175,000
Loan receivables	-	1,660,991	8,910	8,437	-	-	1,678,338
Fixed and call deposits with licensed bank	-	100,000	-	-	33,880	-	133,880
Other receivables	-	84,915	-	1,236	10,118	-	96,269
Reinsurance/retakaful assets	-	11,096	-	-	-	-	11,096
Insurance/takaful receivables	-	143,302	-	9,409	-	-	152,711
Cash and cash equivalents	-	483,453	-	-	305,911	-	789,364
Accrued interests	-	155,959	-	-	5,377	-	161,336
Allowance for impairment losses	-	-	-	(16,629)	-	-	(16,629)
	5,569,511	11,022,935	8,910	2,453	1,901,719	2,181,542	20,687,070

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

	Neither past due nor impaired			Past due			
Company	Investment grade (AAA-A)	Not rated	Not impaired	and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2013							
AFS financial assets							
Malaysian government securities	18,397	2,057,160	-	-	-	-	2,075,557
Cagamas papers	536,517	17,306	-	-	-	-	553,823
Corporate debt securities	2,566,916	1,617,444	-	-	-	-	4,184,360
Deposits with licensed banks	-	110,053	-	-	-	-	110,053
FVTPL financial assets							
Malaysian government securities	377,649	5,926,720	-	-	17,725	-	6,322,094
Cagamas papers	1,872,140	3,054	-	-	29,043	-	1,904,237
Equity securities	-	-	-	-	1,802,953	4,532,671	6,335,624
Real estate investment trust	-	-	-	-	344,211	574,067	918,278
Corporate debt securities	5,344,299	6,546,092	-	-	697,067	-	12,587,458
Mutual fund	-	-	-	-	678,840	-	678,840
Deposits with licensed banks	-	68,485	-	-	5,041	-	73,526
Malaysian government guarantee loans	-	-	-	-	8,000	-	8,000

Company No.

790895	D

AIA BHD.
(formerly known as American International Assurance Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company (continued)	Neither past due nor impaired: Investment grade (AAA-A) RM'000	Neither past due nor impaired: Not rated RM'000	Past due: Not impaired RM'000	Past due and impaired/ partially impaired RM'000	Investment-linked RM'000	Not subject to credit risks RM'000	Total RM'000
At 30 November 2013 (continued)							
Loans and receivables							
Malaysian government guarantee loans	-	517,000	-	-	-	-	517,000
Loan receivables	-	3,387,830	83,687	43,083	-	-	3,514,600
Fixed and call deposits with licensed bank	-	90,000	-	-	-	-	90,000
Other receivables	-	170,255	-	3,095	11,781	46,393	231,524
Reinsurance assets	-	100,794	-	-	-	-	100,794
Insurance receivables	-	364,096	-	972	-	-	365,068
Cash and cash equivalents	-	375,057	-	-	206,359	-	581,416
Accrued interests	-	334,461	-	-	8,816	-	343,277
Allowance for impairment losses	-	-	-	(35,610)		-	(35,610)
	10,715,918	21,685,807	83,687	11,540	3,809,836	5,153,131	41,459,919

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

	Neither past due nor impaired		Past due				
Company (continued)	**Investment grade (AAA-A)**	**Not rated**	**Not impaired**	**and impaired/ partially impaired**	**Investment-linked**	**Not subject to credit risks**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 30 November 2012							
AFS financial assets							
Malaysian government securities	-	866,588	-	-	-	-	866,588
Cagamas papers	468,571	-	-	-	-	-	468,571
Corporate debt securities	1,017,553	699,330	-	-	-	-	1,716,883
Deposits with licensed banks	-	20,229	-	-	-	-	20,229
FVTPL financial assets							
Malaysian government securities	-	3,155,291	-	-	1,006	-	3,156,297
Cagamas papers	1,413,946	-	-	-	10,459	-	1,424,405
Equity securities	-	-	-	-	1,114,298	2,218,505	3,332,803
Real estate investment trust	-	-	-	-	87,623	309,753	397,376
Corporate debt securities	3,423,619	3,706,043	-	-	522,886	-	7,652,548
Mutual fund	-	-	-	-	475,378	-	475,378
Deposits with licensed banks	-	159,431	-	-	-	-	159,431

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Past due: Not impaired	Past due: and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 November 2012 (continued)							
Loans and receivables							
Malaysian government guarantee loans	-	175,000	-	-	-	-	175,000
Loan receivables	-	1,611,843	14,150	5,969	-	-	1,631,962
Fixed and call deposits with licensed bank	-	100,000	-	-	5,029	-	105,029
Other receivables	-	26,168	-	1,008	13,746	24,337	65,259
Reinsurance assets	-	12,048	-	-	-	-	12,048
Insurance receivables	-	153,502	-	588	-	-	154,090
Cash and cash equivalents	-	175,804	-	-	143,835	-	319,639
Accrued interests	-	181,524	-	-	6,928	-	188,452
Allowance for impairment losses	-	-	-	(6,845)	-	-	(6,845)
	6,323,689	11,042,801	14,150	720	2,381,188	2,552,595	22,315,143

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Past due: Not impaired	Past due: Past due and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 December 2011							
AFS financial assets							
Malaysian government securities	-	938,461	-	-	-	-	938,461
Cagamas papers	252,236	-	-	-	-	-	252,236
Corporate debt securities	1,231,254	551,316	-	-	-	-	1,782,570
Deposits with licensed banks	-	61,881	-	-	-	-	61,881
FVTPL financial assets							
Malaysian government securities	-	3,866,003	-	-	39,670	-	3,905,673
Cagamas papers	811,894	-	-	-	-	-	811,894
Equity securities	-	-	-	-	766,299	1,993,546	2,759,845
Real estate investment trust	-	-	-	-	51,307	187,996	239,303
Corporate debt securities	3,265,187	2,408,689	-	-	441,375	-	6,115,251
Mutual fund	-	-	-	-	236,617	-	236,617
Deposits with licensed banks	-	312,200	-	-	-	-	312,200

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company (continued)	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Not impaired	Past due and impaired/ partially impaired	Investment-linked	Not subject to credit risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 December 2011 (continued)							
Loans and receivables							
Malaysian government guarantee loans	-	175,000	-	-	-	-	175,000
Loan receivables	-	1,660,991	8,910	8,437	-	-	1,678,338
Fixed and call deposits with licensed bank	-	100,000	-	-	33,880	-	133,880
Other receivables	-	85,231	-	1,236	10,040	-	96,507
Reinsurance assets	-	11,096	-	-	-	-	11,096
Insurance receivables	-	143,302	-	9,409	-	-	152,711
Cash and cash equivalents	-	460,408	-	-	301,991	-	762,399
Accrued interests	-	155,291	-	-	5,293	-	160,584
Allowance for impairment losses	-	-	-	(16,629)	-	-	(16,629)
	5,560,571	10,929,869	8,910	2,453	1,886,472	2,181,542	20,569,817

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

The financial assets are classified according to the credit rating by rating agencies approved by BNM.

The financial assets comprise Malaysian Government Securities and certain corporate debt securities are not rated as these investments are issued by government or guaranteed by government which were exempted from the need of getting rating from rating agencies. Other financial assets which are not rated comprise fixed and call deposits with licensed bank, and loans and receivables as the issuer did not obtain any credit rating from the respective rating agencies. Such financial assets although not rated are issued by companies which have sound financial and high creditworthiness. The creditworthiness is monitored on any downgrade news related to any investment in the debt portfolio.

The Group's loans receivable include policy loans, mortgage loans, other secured loans, staff loans and unsecured loans. Policy loans, mortgage loans, other secured loans and secured staff loans are generally secured by collateral. The amount of loan is based on the valuation of collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. The type of collaterals, held by the Group as lender, for which it is entitled to in the event of default is as follows:

	Type of collaterals	Group and Company 2013	2012	2011
	RM'000	RM'000	RM'000	RM'000
Policy loans	Cash surrender value	1,463,317	377,940	376,055
Mortgage loans	Properties	1,990,396	1,239,685	1,276,310
Other secured loans	Properties	33	40	48
Staff loans				
- Secured loans	Motor vehicles and properties	25,698	8,355	10,541
- Unsecured loans	Nil	2,026	608	676
Unsecured loans	Nil	1,587	85	8,724
		3,483,057	1,626,713	1,672,354

40 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Age analysis of financial assets past-due but not impaired

Group and Company	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	Investment-linked RM'000	Total RM'000
At 30 November 2013						
Loan and receivables	6,459	14,397	19,323	43,508	-	83,687
At 30 November 2012						
Loan and receivables	7,088	96	5,323	1,643	-	14,150
At 1 December 2011						
Loan and receivables	105	6,949	1,213	643	-	8,910

Impaired financial assets

For assets to be classified as "past-due and impaired", contractual payments must be in arrears for more than three (3) months. The Group records impairment allowance for loans and receivables and insurance receivables in separate allowance for doubtful debts accounts. A reconciliation of the allowance for impairment losses for loans and receivables and insurance receivables is as follows:

Group and Company	Loan and receivables 2013 RM'000	Loan and receivables 2012 RM'000	Insurance/ takaful receivables 2013 RM'000	Insurance/ takaful receivables 2012 RM'000	Other receivables 2013 RM'000	Other receivables 2012 RM'000
At 1 December	5,249	5,984	588	9,409	1,008	1,236
Net charge/(recoveries) for the financial year	26,294	(735)	384	(8,821)	2,087	(228)
As at 30 November	31,543	5,249	972	588	3,095	1,008

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk

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

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

The Group continually seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of insurance policies / takaful certificates issued. The Group constantly monitors its liquidity position and has in place several contingency sources of liquidity in order to minimise the impact of any liquidity risk.

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

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity)

Maturity Profiles

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group based on remaining contractual obligations, including interest/profit payable and receivable. For insurance/takaful contracts liabilities, maturity profiles are determined based on estimated timing of discounted net cash outflows from the recognised insurance/takaful liabilities.

Group	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
At 30 November 2013								
Available-for-sale financial assets	7,058,308	552,056	1,268,748	1,201,870	7,787,433	-	-	10,810,107
Fair value through profit or loss financial assets	29,168,443	1,261,726	3,065,599	3,466,512	24,118,428	5,150,886	3,622,186	40,685,337
Loans and receivables	4,376,811	437,453	308,259	297,246	4,268,925	8,517	12,057	5,332,457
Reinsurance/retakaful assets	100,794	100,794	-	-	-	-	-	100,794
Insurance/takaful receivables	364,096	364,096	-	-	-	-	-	364,096
Cash and cash equivalents	613,893	401,850	-	-	-	5,684	206,359	613,893
Total assets	41,682,345	3,117,975	4,642,606	4,965,628	36,174,786	5,165,087	3,840,602	57,906,684
Insurance/takaful contract liabilities:								
With DPF	25,114,131	1,024,213	1,136,921	1,151,973	19,465,332	2,335,692	-	25,114,131
Without DPF	7,900,912	572,408	303,825	91,174	3,160,873	-	3,772,632	7,900,912
Insurance/takaful payables	4,353,163	4,353,163	-	-	-	-	-	4,353,163
Other payables	488,764	488,764	-	-	-	-	-	488,764
Total liabilities	37,856,970	6,438,548	1,440,746	1,243,147	22,626,205	2,335,692	3,772,632	37,856,970

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Group (continued)	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
At 30 November 2012								
Available-for-sale financial assets	3,174,384	184,934	676,010	732,425	2,890,093	-	-	4,483,462
Fair value through profit or loss financial assets	16,805,196	699,788	1,424,217	2,003,555	14,999,701	2,531,567	2,238,554	23,897,382
Loans and receivables	1,986,618	188,980	268,592	253,261	1,791,847	-	19,307	2,521,987
Reinsurance/retakaful assets	12,048	12,048	-	-	-	-	-	12,048
Insurance/takaful receivables	153,502	153,502	-	-	-	-	-	153,502
Cash and cash equivalents	384,008	239,489	-	-	-	-	144,519	384,008
Total assets	22,515,756	1,478,741	2,368,819	2,989,241	19,681,641	2,531,567	2,402,380	31,452,389
Insurance/takaful contract liabilities:								
With DPF	12,771,568	256,330	440,748	314,113	9,824,429	1,935,948	-	12,771,568
Without DPF	4,215,108	415,213	168,337	37,113	1,224,167	-	2,370,278	4,215,108
Insurance/takaful payables	2,910,881	2,910,881	-	-	-	-	-	2,910,881
Other payables	511,064	511,064	-	-	-	-	-	511,064
Total liabilities	20,408,621	4,093,488	609,085	351,226	11,048,596	1,935,948	2,370,278	20,408,621

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Group (continued)	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
At 1 December 2011								
Available-for-sale financial assets	3,147,491	517,467	473,834	840,614	2,326,549	-	-	4,158,464
Fair value through profit or loss financial assets	14,504,103	682,638	2,062,884	1,849,232	11,573,537	2,181,541	1,551,811	19,901,643
Loans and receivables	2,091,714	240,316	280,857	265,092	2,030,984	-	43,998	2,861,247
Reinsurance/retakaful assets	11,096	11,096	-	-	-	-	-	11,096
Insurance/takaful receivables	143,302	143,302	-	-	-	-	-	143,302
Cash and cash equivalents	789,364	483,453	-	-	-	-	305,911	789,364
Total assets	20,687,070	2,078,272	2,817,575	2,954,938	15,931,070	2,181,541	1,901,720	27,865,116
Insurance/takaful contract liabilities:								
With DPF	11,886,003	236,520	494,019	280,606	8,839,857	2,035,001	-	11,886,003
Without DPF	3,784,581	606,632	156,979	106,337	1,061,405	-	1,853,228	3,784,581
Insurance/takaful payables	2,763,404	2,763,404	-	-	-	-	-	2,763,404
Other payables	265,841	265,841	-	-	-	-	-	265,841
Total liabilities	18,699,829	3,872,397	650,998	386,943	9,901,262	2,035,001	1,853,228	18,699,829

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Company	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
At 30 November 2013								
Available-for-sale financial assets	7,003,986	552,056	1,268,748	1,189,718	7,721,246	-	-	10,731,768
Fair value through profit or loss financial assets	29,045,614	1,258,094	3,058,083	3,458,875	24,042,758	5,106,738	3,591,697	40,516,245
Loans and receivables	4,364,013	429,981	308,259	297,246	4,268,925	-	11,781	5,316,192
Reinsurance assets	100,794	100,794	-	-	-	-	-	100,794
Insurance receivables	364,096	364,096	-	-	-	-	-	364,096
Cash and cash equivalents	581,416	375,057	-	-	-	-	206,359	581,416
Total assets	41,459,919	3,080,078	4,635,090	4,945,839	36,032,929	5,106,738	3,809,837	57,610,511
Insurance contract liabilities:								
With DPF	24,987,838	923,568	1,136,921	1,151,973	19,465,333	2,310,043	-	24,987,838
Without DPF	7,900,911	572,408	303,825	91,174	3,160,872	-	3,772,632	7,900,911
Insurance payables	4,352,286	4,352,286	-	-	-	-	-	4,352,286
Other payables	452,664	452,664	-	-	-	-	-	452,664
Total liabilities	37,693,699	6,300,926	1,440,746	1,243,147	22,626,205	2,310,043	3,772,632	37,693,699

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Company (continued)	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
At 30 November 2012								
Available-for-sale financial assets	3,111,915	182,188	665,627	724,625	2,824,530	-	-	4,396,970
Fair value through profit or loss financial assets	16,731,432	696,615	1,419,969	1,999,307	14,930,750	2,528,258	2,218,478	23,793,377
Loans and receivables	1,986,607	189,742	268,592	253,261	1,791,506	-	18,875	2,521,976
Reinsurance assets	12,048	12,048	-	-	-	-	-	12,048
Insurance receivables	153,502	153,502	-	-	-	-	-	153,502
Cash and cash equivalents	319,639	175,804	-	-	-	-	143,835	319,639
Total assets	22,315,143	1,409,899	2,354,188	2,977,193	19,546,786	2,528,258	2,381,188	31,197,512
Insurance contract liabilities:								
With DPF	12,685,935	254,244	440,748	314,113	9,822,752	1,854,078	-	12,685,935
Without DPF	4,205,448	415,213	168,337	37,113	1,224,168	-	2,360,617	4,205,448
Insurance payables	2,910,161	2,910,161	-	-	-	-	-	2,910,161
Other payables	496,963	496,963	-	-	-	-	-	496,963
Total liabilities	20,298,507	4,076,581	609,085	351,226	11,046,920	1,854,078	2,360,617	20,298,507

40 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Company (continued)	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
At 1 December 2011								
Available-for-sale financial assets	3,073,470	514,246	467,392	821,219	2,248,378	-	-	4,051,235
Fair value through profit or loss financial assets	14,487,598	682,424	2,062,456	1,848,804	11,567,440	2,181,541	1,540,561	19,883,226
Loans and receivables	2,091,952	239,080	280,857	265,092	2,030,984	-	43,920	2,859,933
Reinsurance/retakaful assets	11,096	11,096	-	-	-	-	-	11,096
Insurance/takaful receivables	143,302	143,302	-	-	-	-	-	143,302
Cash and cash equivalents	762,399	460,408	-	-	-	-	301,991	762,399
Total assets	20,569,817	2,050,556	2,810,705	2,935,115	15,846,802	2,181,541	1,886,472	27,711,191
Insurance/takaful contract liabilities:								
With DPF	11,851,074	236,142	494,019	280,606	8,830,578	2,009,729	-	11,851,074
Without DPF	3,787,117	615,064	156,979	106,337	1,061,405	-	1,847,332	3,787,117
Insurance/takaful payables	2,763,295	2,763,295	-	-	-	-	-	2,763,295
Other payables	260,046	260,046	-	-	-	-	-	260,046
Total liabilities	18,661,532	3,874,547	650,998	386,943	9,891,983	2,009,729	1,847,332	18,661,532

40 FINANCIAL RISKS (CONTINUED)

(c) Market risk

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

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

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

(i) Interest rate risk

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

The Group's exposure to interest/profit rate risk predominantly arises from the Group's duration gap between the liabilities and assets for interest/profit rate sensitive products, especially those providing interest/profit rate guarantees. For other products, including those with participation or investment-linked features, interest/profit rate risk is significantly reduced due to the non-guaranteed nature of additional policyholder/certificate holder benefits.

The Group manages its interest/profit rate risk by investing in financial instruments with tenors that match the duration of its liabilities as much as practicable and appropriate. The Group also considers the effect of interest/profit rate risk in its overall product strategy. Certain products such as investment-linked, universal life and participating business, inherently have lower interest rate risk as their design provides flexibility as to crediting rates and policyholder dividend scales. For new products, the Group emphasises flexibility in product design and generally designs products to avoid excessive long-term interest/profit rate guarantees. For in-force policies/certificates, bonus payout and credit interest/profit rates applicable to policyholder/participant account balances are regularly adjusted considering, among others, the earned yields and policyholders'/participants' communications and reasonable expectations.

40 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(i) Interest rate risk (continued)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of floating rate/yield financial instruments), AFS fair value reserves and unallocated surplus included in insurance/takaful contract liabilities (that reflects re-valuing fixed rate/yield financial assets of life/family takaful fund) and equity (that reflects adjustments to profit before tax and re-valuing fixed rate/yield AFS financial assets of shareholder and general funds). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate/profit yield risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Group

Change in variable	Impact on profit before tax	Impact on insurance/ takaful contract liabilities	Impact on equity
	RM'000	RM'000	RM'000
At 30 November 2013			
+50 basis points shift in yield curves	-	(726,017)	(190,986)
- 50 basis points shift in yield curves	-	773,919	203,935
At 30 November 2012			
+50 basis points shift in yield curves	-	(541,406)	(112,305)
- 50 basis points shift in yield curves	-	583,704	119,979

Company

Change in variable	Impact on profit before tax	Impact on insurance/ takaful contract liabilities	Impact on equity
At 30 November 2013			
+50 basis points shift in yield curves	-	(726,017)	(190,986)
- 50 basis points shift in yield curves	-	773,919	203,935
At 30 November 2012			
+50 basis points shift in yield curves	-	(539,214)	(110,639)
- 50 basis points shift in yield curves	-	581,346	118,221

40 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(ii) Equity market price risk

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

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

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose changes in fair values are recorded in Income Statements) and unallocated surplus included in insurance/takaful contract liabilities (due to changes in fair value of financial assets and liabilities of life/family takaful fund whose changes in fair values are retained in life insurance/family takaful contract liabilities). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Group

Change in variable	Change in variable	Impact on profit before tax	Impact on insurance/ takaful contract liabilities	Impact on equity
		RM'000	RM'000	RM'000
At 30 November 2013				
Equity price	+10%	43,723	465,566	32,681
	-10%	(43,723)	(465,566)	(32,681)
At 30 November 2012				
Equity price	+10%	17,815	237,595	13,207
	-10%	(17,815)	(237,595)	(13,207)

40 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(ii) Equity market price risk (continued)

Company

Change in variable	Change in variable	Impact on profit before tax	Impact on insurance/ takaful contract liabilities	Impact on equity
		RM'000	RM'000	RM'000
At 30 November 2013				
Equity price	+10%	43,723	465,566	32,681
	-10%	(43,723)	(465,566)	(32,681)
At 30 November 2012				
Equity price	+10%	17,815	237,291	13,207
	-10%	(17,815)	(237,291)	(13,207)

(iii) Currency risks

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in currencies other than Ringgit Malaysia (ñRMò), will fluctuate because of movements in foreign exchange rates vis-à-vis RM. The Groupõs primary transactions are carried out in RM and its exposure to foreign exchange risk arises principally with respect to Australian Dollar (ñAUDò), United State Dollar (ñUSDò), EURO, Hong Kong Dollar (ñHKDò), Singapore Dollar (ñSGDò) and Taiwan Dollar (ñTWDò).

The AUD denominated asset which has corresponding matching AUD liability to the extent possible. The Group manages foreign exchange risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments.

The Group has invested in assets denominated in currencies that match the related liabilities, to the extent possible and appropriate, to avoid currency mismatches.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of foreign currency financial instruments) and unallocated surplus included in insurance/takaful contract liabilities (due to changes in fair value of foreign currency financial instruments of life/family takaful fund are retained in life insurance/family takaful contract liabilities). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate/profit yield risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

40 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(iii) Currency risks (continued)

Group and Company

	Change in variable	Impact on profit before tax RM'000	Impact on insurance/ takaful contract liabilities RM'000	Impact on equity RM'000
At 30 November 2013				
AUD	10% Strenghtening	10,660	5,367	1,698
USD	10% Strenghtening	788	9,250	589
EUR	10% Strenghtening	889	2,454	665
HKD	10% Strenghtening	2,689	9,493	2,010
SGD	10% Strenghtening	1,032	3,585	772
TWD	10% Strenghtening	1,110	3,856	830
At 30 November 2012				
AUD	10% Strenghtening	-	10,331	-

41 SHARE-BASED PAYMENT

During the financial year, the AIA Group made further grants of share options, restricted share units and restricted share purchase units to certain employees, directors and officers of the Group under the Share Option (“SO”) Scheme, the Restricted Share Unit (“RSU”) Scheme and Employee Stock Purchase Plan (“ESPP”).

(a) Restricted Share Unit (“RSU”) Scheme

Under the RSU Scheme, the vesting of the granted RSUs is conditional upon the eligible participants remaining in employment with the AIA Group during the respective vesting periods. RSU grants are vested either entirely after a specific period of time or in tranches over the vesting period. If the RSU grants are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period. For certain RSUs, performance conditions are also attached which include both market and non-market conditions. RSUs subject to performance conditions are released to the employees at the end of vesting period depending on the actual achievement of the performance conditions. During the vesting period, the eligible participants are not entitled to dividends of the underlying shares. The maximum number of shares that can be granted under the RSU scheme is 301,100,000 (2012: 301,100,000), representing 2.5% (2012: 2.5%) of the number of shares in issue at 30 November 2013.

41 SHARE-BASED PAYMENT (CONTINUED)

(a) Restricted Share Unit ("RSU") Scheme (continued)

Movement:

	Group		Company	
	2013 Number of shares	2012 Number of shares	2013 Number of shares	2012 Number of shares
Restricted Shares Unit				
Outstanding at beginning of financial year	1,355,216	664,425	1,244,871	664,425
Granted	813,144	798,814	813,144	688,469
Vested or exercise	(5,420)	-	(5,420)	-
Transferred in	2,180,742	6,962	2,180,742	6,962
Transferred out	(88,763)	(93,968)	(88,763)	(93,968)
Forfeited or expired	(534,946)	(21,017)	(534,946)	(21,017)
Outstanding at end of financial year	3,719,973	1,355,216	3,609,628	1,244,871

(b) Share Option ("SO") Scheme

The objectives of the SO Scheme are to align eligible participantsôinterests with those of the shareholders of the Company by allowing eligible participants to share in the value created at the point they exercise their options. SO grants are vested either entirely after a specific period of time or in tranches over the vesting period, during which, the eligible participants are required to remain in employment with the AIA Group. If the SO grants are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period. The granted share options expire ten years from the date of grant. The total number of shares under options that can be granted under the scheme is 301,100,000 (2012: 301,100,000), representing 2.5 per cent (2012: 2.5 per cent) of the number of shares in issue of AIAGL at 30 November 2013.

41 SHARE-BASED PAYMENT (CONTINUED)

(b) Share Option ("SO") Scheme (continued)

Information about options outstanding and options exercisable by the Company's employees and directors as at the end of the reporting period is as follows:

	2013		2012	
	Number of share options	Weighted average exercise price (HK$)	Number of share options	Weighted average exercise price (HK$)
Group and Company				
Outstanding at beginning of financial year	124,928	27.86	63,977	27.35
Granted	-	-	60,951	28.40
Transferred in	2,420,520	28.88	-	-
Forfeited or expired	(124,928)	27.86	-	-
Outstanding at end of financial year	2,420,520	28.88	124,928	27.86
Options exercisable at end of financial year	-	-	-	-
Weighted average remaining contractual life (years)	7.99	-	8.88	-

The share options outstanding as of 30 November 2013 have an exercise price of between HK$ 27.35 and HK $34.35 (2012: HK$ 27.35 and HK$ 28.40).

(c) Employee Stock Purchase Plan ("ESPP")

Under the plan, eligible employees of the Company can purchase ordinary shares of AIAGL with qualified employee contributions and the AIA Group will award one matching restricted stock purchase unit to them at the end of the vesting period for each two shares purchased through the qualified employee contributions (contribution shares). Contribution shares are purchased from the open market. During the vesting period, the eligible employees must hold the contribution shares purchased during the plan cycle and remain employed by the AIA Group. The level of qualified employee contribution is limited to not more than 5% of the annual basic salary subject to a maximum. For the year ended 30 November 2013, eligible employees paid US$ 265,097 (2012: US$251,029) to purchase 58,239 (2012: 71,598) ordinary shares of AIAGL.

41 SHARE-BASED PAYMENT (CONTINUED)

Valuation methodology

The Company utilises a binomial lattice model to calculate the fair value of the share options grants, a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU, and ESPP, taking into account the terms and conditions upon which the awards were granted. The price volatility is estimated on the basis of implied volatility of AIAGL's shares which is based on an analysis of historical data since they are traded in the Stock Exchange of Hong Kong and takes into consideration the historical volatility of peer companies. The expected life of the options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees. The estimate of market condition for performance based RSUs is based on one-year historical data preceding the grant date.

			2013
Assumptions	**Share Options**	**Restricted Shares Units**	**ESPP Restricted Stock Purchase Units**
Group and Company			
Risk free interest rate	1.26%	0.25%*	0.12% - 0.66%
Volatility	30%	30%	26% - 30%
Dividend yield	1.10%	1.10%	1.1% - 1.3%
Option life (in years)	10	N/A	N/A
Exercise price (HK$)	34.35	N/A	N/A
Expected life (in years)	7.41	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK$)	10.54	28.92	35.82

* *Applicable to RSU with market condition.*

41 SHARE-BASED PAYMENT (CONTINUED)

Valuation methodology (continued)

		2012	
Assumptions	**Share Options**	**Restricted Shares Units**	**ESPP Restricted Stock Purchase Units**
Group and Company			
Risk free interest rate	1.44%	0.20% - 0.36%*	0.19% - 0.25%
Volatility	30%	30%	30%
Dividend yield	1.2%	1.2% - 1.3%	1.3%
Option life (in years)	10.00	N/A	N/A
Exercise price (HK$)	28.40	N/A	N/A
Expected life (in years)	7.4	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK$)	8.71	23.70	27.73

* *Applicable to RSU with market condition.*

The weighted average share price for share option valuation is HK$ 34.35 (2012: HK$28.40).

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation awards granted under the RSU Scheme, SO Scheme and ESPP by the Group and the Company for the financial year ended 30 November 2013 are RM8,123,000 (2012: RM2,539,000) and RM7,735,000 (2012: RM2,219,000) respectively.

42 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company (excluding participating fund) as at 30 November 2013, as prescribed under the Framework is provided below:

	Company	
	2013	**2012**
	RM'000	**RM'000**
Eligible Tier 1 Capital		
Share capital (paid up)	767,438	241,706
Share premium	683,452	-
Reserves, including retained earnings	3,091,834	1,790,189
	4,542,724	2,031,895

42 REGULATORY CAPITAL REQUIREMENT (CONTINUED)

	Company	
	2013 RM'000	2012 RM'000
Tier 2 Capital		
Available-for-sale fair value reserves	(50,297)	150,898
	(50,297)	150,898
Amount deducted from Capital	(186,800)	(112,741)
Total Capital Available	4,305,627	2,070,052

43 INSURANCE/TAKAFUL FUNDS

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

The Group's Statements of Financial Position, Income Statements and information on cash flow have been further analysed by funds and the Shareholders' and General Funds have been presented together as one fund.

The life insurance/family takaful 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, Medical, Motor and Fire.

Individual fund revenue, expense, 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 revenue, expense, assets and fund liabilities are determined before inter-fund balances and inter-fund transactions are eliminated as part of the consolidation process.

Company No.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2013

AT 30 NOVEMBER 2013 Group	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	1,916	270,817	(67)	272,666
Investment properties	-	344,131	-	344,131
Prepaid land lease payments	623	653	-	1,276
Intangible assets	409	37,778	-	38,187
Investment in associate	-	22,345	-	22,345
Available-for-sale financial assets	1,986,139	5,084,169	(12,000)	7,058,308
Fair value through profit or loss financial assets	20,405	29,148,038	-	29,168,443
Loans and receivables	2,932,591	4,315,655	(2,871,435)	4,376,811
Reinsurance/retakaful assets	22,324	78,470	-	100,794
Insurance/takaful receivables	119,705	244,391	-	364,096
Cash and cash equivalents	21,360	592,533	-	613,893
Total assets	5,105,472	40,138,980	(2,883,502)	42,360,950
Equity and liabilities				
Total equity	3,988,041	-	(67)	3,987,974
Insurance/takaful contract liabilities	577,397	32,449,646	(12,000)	33,015,043
Deferred tax liabilities	439,209	17,031	-	456,240
Insurance/takaful payables	36,289	4,316,874	-	4,353,163
Current tax liabilities	19,847	39,919	-	59,766
Other payables	44,689	3,315,510	(2,871,435)	488,764
Total liabilities	1,117,431	40,138,980	(2,883,435)	38,372,976
Total equity and liabilities	5,105,472	40,138,980	(2,883,502)	42,360,950

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2013 (CONTINUED)

AT 30 NOVEMBER 2012 Group	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	1,382	138,170	(67)	139,485
Investment properties	-	38,505	-	38,505
Prepaid land lease payments	-	671	-	671
Intangible assets	858	9,149	-	10,007
Investment in associate	-	22,795	-	22,795
Available-for-sale financial assets	829,373	2,356,133	(11,122)	3,174,384
Fair value through profit or loss financial assets	-	16,805,196	-	16,805,196
Loans and receivables	1,747,332	1,957,801	(1,718,515)	1,986,618
Reinsurance/retakaful assets	7,799	4,249	-	12,048
Insurance/takaful receivables	71,178	82,324	-	153,502
Cash and cash equivalents	71,296	312,712	-	384,008
Total assets	2,729,218	21,727,705	(1,729,704)	22,727,219
Equity and liabilities				
Total equity	1,924,568	-	(67)	1,924,501
Insurance/takaful contract liabilities	496,035	16,501,763	(11,122)	16,986,676
Deferred tax liabilities	268,001	112,599	-	380,600
Insurance/takaful payables	7,701	2,903,180	-	2,910,881
Current tax liabilities	4,072	9,425	-	13,497
Other payables	28,841	2,200,738	(1,718,515)	511,064
Total liabilities	804,650	21,727,705	(1,729,637)	20,802,718
Total equity and liabilities	2,729,218	21,727,705	(1,729,704)	22,727,219

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2013 (CONTINUED)

AT 1 DECEMBER 2011 Group	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	1,183	144,340	-	145,523
Investment properties	-	40,191	-	40,191
Prepaid land lease payments	-	689	-	689
Intangible assets	7,201	53,434	-	60,635
Investment in associate	-	36,989	-	36,989
Available-for-sale financial assets	797,581	2,349,910	-	3,147,491
Fair value through profit or loss financial assets	10,350	14,504,103	(10,350)	14,504,103
Loans and receivables	1,722,933	2,056,914	(1,688,133)	2,091,714
Reinsurance/retakaful assets	7,778	3,318	-	11,096
Insurance/takaful receivables	72,791	70,511	-	143,302
Cash and cash equivalents	39,601	749,763	-	789,364
Total assets	2,659,418	20,010,162	(1,698,483)	20,971,097
Equity and liabilities				
Total equity	1,887,500	-	7,276	1,894,776
Insurance/takaful contract liabilities	478,151	15,210,059	(17,626)	15,670,584
Deferred tax liabilities	252,080	91,328	-	343,408
Insurance/takaful payables	10,656	2,752,748	-	2,763,404
Current tax liabilities	12,505	20,579	-	33,084
Other payables	18,526	1,935,448	(1,688,133)	265,841
Total liabilities	771,918	20,010,162	(1,705,759)	19,076,321
Total equity and liabilities	2,659,418	20,010,162	(1,698,483)	20,971,097

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2013 (CONTINUED)

AT 30 NOVEMBER 2013 Company	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	475	270,831	-	271,306
Investment properties	-	344,131	-	344,131
Prepaid land lease payments	623	653	-	1,276
Intangible assets	166	37,778	-	37,944
Investment in subsidiaries	143,000	-	-	143,000
Investment in associate	-	88	-	88
Available-for-sale financial assets	1,919,817	5,084,169	-	7,003,986
Fair value through profit or loss financial assets	-	29,045,614	-	29,045,614
Loans and receivables	2,917,561	4,314,696	(2,868,244)	4,364,013
Reinsurance assets	22,324	78,470	-	100,794
Insurance receivables	119,705	244,391	-	364,096
Cash and cash equivalents	15,769	565,647	-	581,416
Total assets	5,139,440	39,986,468	(2,868,244)	42,257,664
Equity and liabilities				
Total equity	4,047,958	-	-	4,047,958
Insurance contract liabilities	577,398	32,311,351	-	32,888,749
Deferred tax liabilities	439,209	17,041	-	456,250
Insurance payables	36,288	4,315,998	-	4,352,286
Current tax liabilities	20,011	39,746	-	59,757
Other payables	18,576	3,302,332	(2,868,244)	452,664
Total liabilities	1,091,482	39,986,468	(2,868,244)	38,209,706
Total equity and liabilities	5,139,440	39,986,468	(2,868,244)	42,257,664

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2012 (CONTINUED)

AT 30 NOVEMBER 2012 Company	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	70	138,177	-	138,247
Investment properties	-	38,505	-	38,505
Prepaid land lease payments	-	671	-	671
Intangible assets	858	9,149	-	10,007
Investment in subsidiaries	104,600	-	-	104,600
Investment in associate	-	88	-	88
Available-for-sale financial assets	755,782	2,356,133	-	3,111,915
Fair value through profit or loss financial assets	-	16,731,432	-	16,731,432
Loans and receivables	1,745,218	1,957,369	(1,715,980)	1,986,607
Reinsurance assets	7,799	4,249	-	12,048
Insurance receivables	71,178	82,324	-	153,502
Cash and cash equivalents	22,855	296,784	-	319,639
Total assets	2,708,360	21,614,881	(1,715,980)	22,607,261
Equity and liabilities				
Total equity	1,920,210	-	-	1,920,210
Insurance contract liabilities	496,035	16,395,348	-	16,891,383
Deferred tax liabilities	262,610	112,485	-	375,095
Insurance payables	7,701	2,902,460	-	2,910,161
Current tax liabilities	4,150	9,299	-	13,449
Other payables	17,654	2,195,289	(1,715,980)	496,963
Total liabilities	788,150	21,614,881	(1,715,980)	20,687,051
Total equity and liabilities	2,708,360	21,614,881	(1,715,980)	22,607,261

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2013 (CONTINUED)

AT 1 DECEMBER 2011 Company	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	68	144,340	-	144,408
Investment properties	-	40,191	-	40,191
Prepaid land lease payments	-	689	-	689
Intangible assets	7,201	53,434	-	60,635
Investment in subsidiaries	76,600	-	-	76,600
Investment in associate	-	12,035	-	12,035
Available-for-sale financial assets	723,560	2,349,910	-	3,073,470
Fair value through profit or loss financial assets	-	14,487,598	-	14,487,598
Loans and receivables	1,721,131	2,056,809	(1,685,988)	2,091,952
Reinsurance/retakaful assets	7,778	3,318	-	11,096
Insurance/takaful receivables	72,791	70,511	-	143,302
Cash and cash equivalents	23,029	739,370	-	762,399
Total assets	2,632,158	19,958,205	(1,685,988)	20,904,375
Equity and liabilities				
Total equity	1,870,015	-	-	1,870,015
Insurance/takaful contract liabilities	478,151	15,160,041	-	15,638,192
Deferred tax liabilities	248,440	91,308	-	339,748
Insurance/takaful payables	10,564	2,752,731	-	2,763,295
Current tax liabilities	12,516	20,563	-	33,079
Other payables	12,472	1,933,562	(1,685,988)	260,046
Total liabilities	762,143	19,958,205	(1,685,988)	19,034,360
Total equity and liabilities	2,632,158	19,958,205	(1,685,988)	20,904,375

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

30 NOVEMBER 2013 Group	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Gross earned premiums/contributions	528,355	4,569,487	-	5,097,842
Premiums/contributions ceded to reinsurers/retakaful operators	(29,695)	(123,995)	-	(153,690)
Net earned premiums/contributions revenue	498,660	4,445,492	-	4,944,152
Wakalah fee income	36,781	-	(36,781)	-
Investment income	59,163	1,300,855	-	1,360,018
Net realised (losses)/gains	(289)	2,287	-	1,998
Fair value gains/(losses)	405	(414,265)	-	(413,860)
Underwriting profit shared from Family takaful	3,945	-	(3,945)	-
Other operating expenses	(21,338)	(77,165)	(9,265)	(107,768)
Total net revenue	577,327	5,257,204	(49,991)	5,784,540
Gross benefits and claims paid	(255,271)	(2,735,413)	-	(2,990,684)
Claims ceded to reinsurers/ retakaful operators	12,595	86,297	-	98,892
Gross change to insurance/ takaful contract liabilities	9,024	(799,956)	-	(790,932)
Change in insurance/ takaful contract liabilities ceded to reinsurers/retakaful operators	(12,894)	(6,066)	-	(18,960)
Net insurance/takaful benefits and claims	(246,546)	(3,455,138)	-	(3,701,684)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

30 NOVEMBER 2013 Group (continued)	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Wakalah fee expense	-	(36,781)	36,781	-
Fee and commission expenses	(90,965)	(582,777)	-	(673,742)
Underwriting profit shared from Family takaful	-	(3,945)	3,945	-
Management expenses	(136,245)	(419,344)	9,265	(546,324)
Other expenses	(227,210)	(1,042,847)	49,991	(1,220,066)
Profit before share of loss from associate	103,571	759,219	-	862,790
Share of loss from associate	-	3,050	-	3,050
Profit before tax	103,571	762,269	-	865,840
Tax expense attributable to policyholders and unitholders	-	(44,647)	-	(44,647)
Profit before tax attributable to shareholders	103,571	717,622	-	821,193
Transfer from Revenue Accounts	717,622	(717,622)	-	-
Profit before tax attributable to shareholders	821,193	-	-	821,193
Tax expense attributable to shareholders	(153,000)	-	-	(153,000)
Profit for the financial year	668,193	-	-	668,193

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

30 NOVEMBER 2013 Group (continued)	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Profit for the financial year	668,193	-	-	668,193
Other comprehensive loss:				
Item that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net losses arising during the financial year	(224,807)	-	-	(224,807)
Net realised gains transferred to Income Statement	(1,609)	-	-	(1,609)
Deferred taxation	57,843	-	-	57,843
Foreign currency translation adjustments	941	-	-	941
Other comprehensive loss – net of of tax, for the financial year	(167,632)	-	-	(167,632)
Total comprehensive income for the financial year	500,561	-	-	500,561

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

30 NOVEMBER 2012 Group (continued)	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Gross earned premiums/contributions	432,817	2,915,794	-	3,348,611
Premiums/contributions ceded to reinsurers/retakaful operators	(13,996)	(85,610)	-	(99,606)
Net earned premiums/contributions revenue	418,821	2,830,184	-	3,249,005
Wakalah fee income	37,214	-	(37,214)	-
Investment income	39,149	914,979	-	954,128
Net realised gains	1,685	5,291	(67)	6,909
Fair value gains	-	496,890	-	496,890
Other operating expenses	(15,602)	(61,090)	(8,505)	(85,197)
Total net revenue	481,267	4,186,254	(45,786)	4,621,735
Gross benefits and claims paid	(222,107)	(1,828,186)	-	(2,050,293)
Claims ceded to reinsurers/ retakaful operators	6,019	27,307	-	33,326
Gross change to insurance/ takaful contract liabilities	(36,492)	(1,298,211)	-	(1,334,703)
Change in insurance/ takaful contract liabilities ceded to reinsurers/retakaful operators	(146)	931	-	785
Net insurance/takaful benefits and claims	(252,726)	(3,098,159)	-	(3,350,885)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

30 NOVEMBER 2012 Group (continued)	Shareholders' and General Fund RM'000	Life/ Family Takaful Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Wakalah fee expense	-	(37,214)	37,214	-
Fee and commission expenses	(77,840)	(352,588)	-	(430,428)
Management expenses	(108,207)	(229,546)	8,505	(329,248)
Other expenses	(186,047)	(619,348)	45,719	(759,676)
Profit before share of loss from associate	42,494	468,747	(67)	511,174
Share of loss from associate	-	(392)	-	(392)
Profit before tax	42,494	468,355	(67)	510,782
Tax expense attributable to policyholders and unitholders	-	(84,006)	-	(84,006)
Profit before tax attributable to shareholders	42,494	384,349	(67)	426,776
Transfer from Revenue Accounts	384,349	(384,349)	-	-
Profit before tax attributable to shareholders	426,843	-	(67)	426,776
Tax expense attributable to shareholders	(102,957)	-	-	(102,957)
Profit for the financial year	323,886	-	(67)	323,819

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

30 NOVEMBER 2012 **Group (continued)**	**Shareholders' and General Fund** **RM'000**	**Life/ Family Takaful Fund** **RM'000**	**Inter-fund Elimination** **RM'000**	**Total** **RM'000**
Profit for the financial year	323,886	-	(67)	323,819
Other comprehensive income:				
Item that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net gain arising during the financial year	15,405	-	-	15,405
Net realised gain transferred to Income Statement	(6,763)	-	-	(6,763)
Deferred taxation	(2,456)	-	-	(2,456)
Foreign currency translation adjustments	(280)	-	-	(280)
Other comprehensive loss – net of of tax, for the financial year	5,906	-	-	5,906
Total comprehensive income for the financial year	329,792	-	(67)	329,725

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

30 NOVEMBER 2013 **Company**	**Shareholders' and General Fund** RM'000	**Life Fund** RM'000	**Inter-fund Elimination** RM'000	**Total** RM'000
Gross earned premiums	528,355	4,483,078	-	5,011,433
Premiums ceded to reinsurers	(29,695)	(121,406)	-	(151,101)
Net earned premiums	498,660	4,361,672	-	4,860,332
Investment income	56,450	1,300,331	-	1,356,781
Net realised gains	(375)	2,287	-	1,912
Fair value gains	-	(413,020)	-	(413,020)
Other operating expenses	(17,078)	(76,707)	-	(93,785)
Total net revenue	537,657	5,174,563	-	5,712,220
Gross benefits and claims paid	(255,271)	(2,720,306)	-	(2,975,577)
Claims ceded to reinsurers	12,595	85,086	-	97,681
Gross change to insurance contract liabilities	9,024	(768,958)	-	(759,934)
Change in insurance contract liabilities ceded to reinsurers	(12,894)	(6,066)	-	(18,960)
Net insurance benefits and claims	(246,546)	(3,410,244)	-	(3,656,790)
Fee and commission expenses	(68,652)	(582,773)	-	(651,425)
Management expenses	(94,281)	(419,336)	-	(513,617)
Other expenses	(162,933)	(1,002,109)	-	(1,165,042)
Profit before tax	128,178	762,210	-	890,388
Tax expense attributable to policyholders and unitholders	-	(44,588)	-	(44,588)
Profit before tax attributable to shareholders	128,178	717,622	-	845,800
Transfer from Revenue Accounts	717,622	(717,622)	-	-

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

30 NOVEMBER 2013 Company (continued)	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Profit before tax attributable to shareholders	845,800	-	-	845,800
Tax expense attributable to shareholders	(158,140)	-	-	(158,140)
Profit for the financial year	687,660	-	-	687,660

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Profit for the financial year	687,660	-	-	687,660
Other comprehensive loss:				
Item that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net losses arising during the financial year	(223,893)	-	-	(223,893)
Net realised gains transferred to Income Statement	(1,523)	-	-	(1,523)
Deferred taxation	57,592	-	-	57,592
Other comprehensive loss - net of of tax, for the financial year	(167,824)	-	-	(167,824)
Total comprehensive income for the financial year	519,836	-	-	519,836

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

30 NOVEMBER 2012 **Company (continued)**	**Shareholders' and General Fund RM'000**	**Life Fund RM'000**	**Inter-fund Elimination RM'000**	**Total RM'000**
Gross earned premiums	432,817	2,816,918	-	3,249,735
Premiums ceded to reinsurers	(13,996)	(84,413)	-	(98,409)
Net earned premiums	418,821	2,732,505	-	3,151,326
Investment income	35,946	914,885	-	950,831
Net realised gains	920	5,291	-	6,211
Fair value gains	-	496,343	-	496,343
Other operating expenses	(8,404)	(67,583)	-	(75,987)
Total net revenue	447,283	4,081,441	-	4,528,724
Gross benefits and claims paid	(222,107)	(1,824,353)	-	(2,046,460)
Claims ceded to reinsurers	6,019	27,307	-	33,326
Gross change to insurance contract liabilities	(36,492)	(1,235,308)	-	(1,271,800)
Change in insurance contract liabilities ceded to reinsurers	(146)	931	-	785
Net insurance benefits and claims	(252,726)	(3,031,423)	-	(3,284,149)
Fee and commission expenses	(58,257)	(352,587)	-	(410,844)
Management expenses	(73,849)	(229,301)	-	(303,150)
Other expenses	(132,106)	(581,888)	-	(713,994)
Profit before tax	62,451	468,130	-	530,581
Tax expense attributable to policyholders and unitholders	-	(83,781)	-	(83,781)
Profit before tax attributable to shareholders	62,451	384,349	-	446,800
Transfer from Revenue Accounts	384,349	(384,349)	-	-

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

30 NOVEMBER 2012 Company (continued)	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Profit before tax attributable to shareholders	446,800	-	-	446,800
Tax expense attributable to shareholders	(101,603)	-	-	(101,603
Profit for the financial year	345,197	-	-	345,197

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Profit for the financial year	345,197	-	-	345,197
Other comprehensive income:				
Item that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net gain arising during the financial year	13,123	-	-	13,123
Net realised gain transferred to Income Statement	(6,065)	-	-	(6,065)
Deferred taxation	(2,060)	-	-	(2,060)
Other comprehensive income - net of tax, for the financial year	4,998	-	-	4,998
Total comprehensive income for the financial year	350,195	-	-	350,195

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

43 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS AS AT 30 NOVEMBER 2013

	Group			Company		
	2013 RM'000	2012 RM'000	2011 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Assets						
Fair value through profit or loss financial assets	3,622,186	2,238,554	1,551,811	3,591,697	2,218,478	1,540,561
Other receivables	9,576	21,720	46,437	9,300	21,288	45,543
Current tax assets	-	1,139	-	-	1,173	-
Cash and cash equivalents	207,358	144,519	305,911	206,359	143,835	301,991
Total assets	3,839,120	2,405,932	1,904,159	3,807,356	2,384,774	1,888,095
Less: Liabilities						
Other payables	12,797	13,274	33,253	12,623	12,969	33,022
Deferred tax liabilities	12,706	11,258	4,619	12,512	11,188	4,599
Current tax liabilities	9,672	-	3,154	9,589	-	3,142
Total liabilities	35,175	24,532	41,026	34,724	24,157	40,763
Net asset value of funds	3,803,945	2,381,400	1,863,133	3,772,632	2,360,617	1,847,332

INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Investment income	107,382	68,098	106,487	67,413
Realised losses	(1,085)	(10,891)	(807)	(10,897)
Fair value gains	305,189	135,789	303,817	135,755
	411,486	192,996	409,497	192,271
Management expenses	(32,632)	(26,267)	(32,632)	(26,029)
Profit before taxation	378,854	166,729	376,865	166,242
Taxation	(28,001)	(9,709)	(27,801)	(9,626)
Profit for the financial year	350,853	157,020	349,064	156,616

44 TRANSITION FROM FRS TO MFRS

The financial statements of the Group and the Company for the financial year 30 November 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 First time adoption of MFRS, The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 December 2011 (transition date) and throughout all years presented, as if the policies had always been in effect. Comparative figures for 2012 in these financial statements have been stated to give effects to these changes. The transition from FRS to MFRS has had no effect on the Group's and Company's equity, total comprehensive income and cash flows other than the followings:-

Unallocated surplus and Available-for-sale ("AFS") reserves

At the last reporting date, the life insurance contract liabilities of the Group and the Company comprised of the unallocated surpluses and actuarial liabilities, AFS fair value adjustment, net asset values attributable to unitholders and claims liabilities of all life insurance contracts including those with DPF features and those without DPF as required under the Guidelines on Financial Reporting for Insurance issued by BNM.

In accordance with the requirements of MFRS, the unallocated surplus of non DPF does not meet the definition of a liability, that is, a present obligation of the Company arising from past events, the settlement of which is expected to result in an outflow of economic benefits as these balances represent the residual assets of the Group and the Company. In addition, in accordance with MFRS 139 Financial Instruments: Recognition and Measurement, AFS reserves of non DPF should be accounted for as equity of the Group and the Company.

(a) Reconciliation of statements of financial position

Group

	As previously reported under FRS Framework RM'000	MFRS Transition Adjustment RM'000	MFRS restated comparatives RM'000
At 1 December 2011			
Equity			
Retained earnings	214,784	940,137	1,154,921
Available-for-sale reserve	18,972	102,172	121,144
Liabilities			
Insurance contract liabilities	16,960,953	(1,290,369)	15,670,584
Deferred tax liabilities	95,348	248,060	343,408

44 TRANSITION FROM FRS TO MFRS (CONTINUED)

(a) Reconciliation of statements of financial position (continued)

Group (continued)

	As previously reported under FRS Framework RM'000	MFRS Transition Adjustment RM'000	MFRS restated comparatives RM'000
At 30 November 2012			
Equity			
Retained earnings	249,447	983,482	1,232,929
Available-for-sale reserve	20,802	106,172	126,974
Liabilities			
Insurance contract liabilities	18,338,913	(1,352,237)	16,986,676
Deferred tax liabilities	118,017	262,583	380,600

Company

	As previously reported under FRS Framework RM'000	MFRS Transition Adjustment RM'000	MFRS restated comparatives RM'000
At 1 December 2011			
Equity			
Retained earnings	217,857	940,137	1,157,994
Available-for-sale reserve	18,143	102,172	120,315
Liabilities			
Insurance contract liabilities	16,928,561	(1,290,369)	15,638,192
Deferred tax liabilities	91,688	248,060	339,748
At 30 November 2012			
Equity			
Retained earnings	269,709	983,482	1,253,191
Available-for-sale reserve	19,141	106,172	125,313
Liabilities			
Insurance contract liabilities	18,243,620	(1,352,237)	16,891,383
Deferred tax liabilities	112,512	262,583	375,095

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2013 (CONTINUED)

44 TRANSITION FROM FRS TO MFRS (CONTINUED)

(b) Reconciliation of total comprehensive income

Group

For the financial year ended 30 November 2012

	RM'000
Total comprehensive income as reported under FRS	282,380
Transition adjustments arising from transfer from Insurance contract liabilities of non DPF:	
Transfer of unallocated surplus	56,598
Transfer of AFS reserve	4,000
Recognition of deferred tax arising from transitional adjustments	(13,253)
Total comprehensive income on transition to MFRS	329,725

Company

For the financial year ended 30 November 2012

	RM'000
Total comprehensive income as reported under FRS	302,850
Transition adjustments arising from transfer from Insurance contract liabilities of non DPF:	
Transfer of unallocated surplus	56,598
Transfer of AFS reserve	4,000
Recognition of deferred tax arising from transitional adjustments	(13,253)
Total comprehensive income on transition to MFRS	350,195

(c) Reconciliation of cash flows statement

The transition from FRS to MFRS has had no effect on the reported cash flows generated by the Group and the Company.

45 COMPARATIVES INFORMATION

The reconciliation of audited financial statements for the financial year ended 30 November 2012 prepared in FRS, the previous MASB approved accounting standards for entities other than private entities, to the MFRS is shown as follows:

Statements of Financial Position as at 30 November 2012

	As previously reported under FRS Framework RM'000	MFRS Transition Adjustment RM'000	MFRS restated comparatives RM'000
Assets			
Property, plant and equipment	138,247	-	138,247
Investment properties	38,505	-	38,505
Prepaid land lease payments	671	-	671
Intangible assets	10,007	-	10,007
Investment in subsidiaries	104,600	-	104,600
Investment in associate	88	-	88
Financial investments:			
Available-for-sale financial assets	3,111,915	-	3,111,915
Fair value through profit or loss financial assets	16,731,432	-	16,731,432
Loans and receivables	1,986,607	-	1,986,607
Reinsurance/retakaful assets	12,048	-	12,048
Insurance/takaful receivables	153,502	-	153,502
Cash and cash equivalents	319,639	-	319,639
Total assets	22,607,261	-	22,607,261
Equity and liabilities			
Share capital	241,706	-	241,706
Retained earnings	269,709	983,482	1,253,191
Available-for-sale reserve	19,141	106,172	125,313
Proposed dividend reserves	300,000	-	300,000
Foreign currency translation reserves	-	-	-
Total equity	830,556	1,089,654	1,920,210
Insurance contract liabilities	18,243,620	(1,352,237)	16,891,383
Deferred tax liabilities	112,512	262,583	375,095
Insurance/takaful payables	2,910,161	-	2,910,161
Current tax liabilities	13,449	-	13,449
Other payables	496,963	-	496,963
Total liabilities	21,776,705	(1,089,654)	20,687,051
Total equity and liabilities	22,607,261	-	22,607,261

45 COMPARATIVES INFORMATION (CONTINUED)

Statements of Income for the year ended 30 November 2012

	As previously reported under FRS Framework RM'000	MFRS Transition Adjustment RM'000	MFRS restated comparatives RM'000
Gross earned premium revenue	3,249,735	-	3,249,735
Premium ceded to reinsurers	(98,409)	-	(98,409)
Net earned premiums	3,151,326	-	3,151,326
Investment income	950,831	-	950,831
Net realised gains	6,211	-	6,211
Net fair value gains	496,343	-	496,343
Other operating expenses	(75,987)	-	(75,987)
Total net revenue	4,528,724	-	4,528,724
Gross benefits and claims paid	(2,046,460)	-	(2,046,460)
Claims ceded to reinsurers/ retakaful operators	33,326	-	33,326
Gross change to insurance/ takaful contract liabilities	(1,328,398)	56,598	(1,271,800)
Change in insurance / takaful contract liabilities			
Ceded to reinsurers/retakaful operators	785	-	785
Net insurance benefit and claims	(3,340,747)	56,598	(3,284,149)
Fee and commission expenses	(410,844)	-	(410,844)
Management expenses	(303,150)	-	(303,150)
Other expenses	(713,994)	-	(713,994)
Profit before tax	473,983	56,598	530,581

45 COMPARATIVES INFORMATION (CONTINUED)

Statements of Income for the year ended 30 November 2012 (continued)

	As previously reported under FRS Framework RM'000	MFRS Transition Adjustment RM'000	MFRS restated comparatives RM'000
Tax expense attributable to policyholders	(83,781)	-	(83,781)
Profit before tax attributable to shareholders	390,202	56,598	446,800
Tax expense	(172,131)	(13,253)	(185,384)
Tax expense attributable to policyholders	83,781	-	83,781
Tax expense attributable to shareholders	(88,350)	(13,253)	(101,603)
Net profit for the financial year	301,852	43,345	345,197

46 SIGNIFICANT EVENT/TRANSACTION

Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad)

In December 2012, the Company's immediate holding company, American International Assurance Company Limited ("AIA Limited"), has completed acquisition of Orange Policy Sdn. Bhd. (formerly known as ING Management Holdings Sdn. Bhd.) ("OPSB") and it's subsidiaries.

Pursuant to the order of High Court of Malaya in Kuala Lumpur dated 11 June 2013 ("the Order") confirming the scheme of transfer of the insurance business of Premium Policy Berhad (formerly known as ING Insurance Berhad) ("PPB") a wholly owned subsidiary of OPSB to the Company ("the Scheme"), PPB transferred certain assets and liabilities as a going concern to the Company on 17 June 2013, the date on which the Scheme became effective as provided in the Order.

The business transfer meets the definition of business combination under common control and are accounted for using the predecessor method of accounting. The assets and liabilities of PPB were transferred at carrying amount as follow:

	RM'000
Assets	
Property, plant and equipment	101,878
Investment properties	350,400
Prepaid land lease payment	627
Intangible asset	8,383
Available-for-sale financial assets	3,727,748
Fair value through profit or loss financial assets	11,455,063

46 SIGNIFICANT EVENT/TRANSACTION (CONTINUED)

Business transfer from Premium Policy Berhad (formerly known as ING Insurance Berhad) (continued)

	RM'000
Assets (continued)	
Loans and receivables	2,650,682
Reinsurance assets	109,740
Insurance receivables	339,282
Cash and cash equivalents	56,776
Total assets	18,800,579
Liabilities	
Insurance contract liabilities	15,255,141
Insurance payables	1,105,347
Deferred tax liabilities	184,921
Other payables	347,258
Total Liabilities	16,892,667
Carrying value from net assets transferred	**1,907,912**

The purchase consideration for the business transfer are satisfied by the issuance of 525,732,174 new ordinary shares of RM1 each at an issue price of RM2.30 each ordinary shares, amounted to RM1,209,184,000.

The difference between the carrying value of the net assets transfer of RM1,907,912,000 and the issuance of 525,732,174 new ordinary shares amounting to RM1,209,184,000 was accounted for as equity as shown below:

	RM'000	
Carrying value of net assets transferred		1,907,912
Issuance of shares		
Represented by:		
Share capital	525,732	
Share premium	683,452	
		1,209,184
Reserves arising from business transfer		698,728