Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

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

Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

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

CONTENTS

AIA BHD.
(Incorporated in Malaysia)

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 2014.

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 except for Green Health Certification Malaysia Sdn. Bhd. (formerly known as AIA AFG Takaful Bhd. (ñAATBò) ceased to carry on its Takaful business with effect from 2 March 2014 following the business transfer as disclosed in Note 43 to the financial statements and AATB is engaged principally in investment holding activities.

RESULTS

	Group RM'000	**Company RM'000**
Profit for the financial year	771,847	746,767

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 2013:	
Final single tier dividend of 41.7% (RM0.42 per ordinary share) on 767,438,174 ordinary shares, paid on 6 May 2014	320,000

As at 12 February 2015, the Directors have not recommended any final dividend to be paid for the financial year under review.

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.

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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.

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 1 March 2014, the subsidiary of the Company, Green Health Certification Malaysia Bhd. (formerly known as AIA AFG Takaful Bhd (ñAATBò)) has transferred its family takaful business to its related company, AIA PUBLIC Takaful Bhd. (ñAPTBò) for a purchase consideration of RM33,333,333. The purchase consideration was settled by APTB via issuance of 33,333,333 new ordinary shares of RM1 each at an issue price of RM1.00 per share. Arising from the business transfer, the Group have 25% equity interest in APTB and accounted it as an associate of the Group.

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no material events subsequent to the reporting date that require disclosure or adjustments to the financial statements.

DIRECTORS

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

DatoôThomas Mun Lung Lee
Mohd Daruis bin Zainuddin
DatoôWee Hoe Soon @ Gooi Hoe Soon
Ng Keng Hooi
William Lisle
Mark George Duffy (Appointed on 19 February 2014)

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 31 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 2013/ date of appointment	Bought	Sold	As at 30 November 2014
AIA Group Limited				
Direct Interest				
Ng Keng Hooi	41,231	1,058,209	-	1,099,440
William Lisle	6,712	554,413	233,014	328,111
Mark George Duffy	9,622	246,003	72,000	183,625
Indirect Interest				
Ng Keng Hooi	61,200	-	-	61,200

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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 Plan			
	As at 1 December 2013/ date of appointment	Granted	Vested	As at 30 November 2014
AIA Group Limited				
Ng Keng Hooi	3,476	1,463	1,406	3,533
William Lisle	3,305	1,394	2,151	2,548
Mark George Duffy	4,811	942	2,248	3,505

	Number of restricted share units over ordinary shares of US$1.00 each			
	As at 1 December 2013/ date of appointment	Granted	Vested	As at 30 November 2014
AIA Group Limited				
Ng Keng Hooi	3,100,968	350,469	1,053,782	2,397,655
William Lisle	1,607,043	237,144	549,384	1,294,803
Mark George Duffy	377,388	51,972	241,758	187,602

	Number of share options over ordinary shares of US$1.00 each			
	As at 1 December 2013/ date of appointment	Granted	Exercised	As at 30 November 2014
AIA Group Limited				
Ng Keng Hooi	3,211,394	602,486	-	3,813,880
William Lisle	2,247,115	407,671	754,859	1,899,927
Mark George Duffy	71,008	29,782	-	100,790

Matching restricted stock purchase units, 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 40 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, 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, 2014 ("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 six times during the financial year. All Directors in office at the end of the financial year complied with the 75% minimum attendance requirement at such meeting.

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

Name of Directors		**No. of attendance**
William Lisle	Member (Executive)	6/6
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)	6/6
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)	6/6
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	6/6
Ng Keng Hooi	Member (Non-Independent Non-Executive)	6/6
Mark George Duffy	Member (Non-Independent Non-Executive)	5/5

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 five members as follows:

Datoô Thomas Mun Lung Lee	Chairman (Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)
Datoô Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ng Keng Hooi	Member (Non-Independent Non-Executive)
William Lisle	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 Boardõs 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 ófit and properô 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.

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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
DatoôThomas Mun Lung Lee	Chairman (Independent Non-Executive)	4/4
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)	4/4
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	4/4
Ng Keng Hooi	Member (Non-Independent Non-Executive)	4/4
William Lisle	Member (Executive)	4/4

Remuneration Committee

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

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

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 two 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)	2/2
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)	2/2
Ng Keng Hooi	Member (Non-Independent Non-Executive)	2/2
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	2/2

Risk Management Committee

As at the date of this report, the Risk Management Committee (ñRMCò) 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	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)	4/4
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	4/4

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.

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

Name of members		No. of attendance
Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)	5/5
DatoôThomas Mun Lung Lee	Member (Independent Non-Executive)	5/5
DatoôWee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)	5/5

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 12 February 2015.

WILLIAM LISLE DIRECTOR	MOHD DARUIS BIN ZAINUDDIN DIRECTOR

Kuala Lumpur

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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 Mohd Daruis Bin Zainuddin, two of the Directors of AIA 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 2014 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 12 February 2015.

WILLIAM LISLE
DIRECTOR

MOHD DARUIS BIN ZAINUDDIN
DIRECTOR

Kuala Lumpur

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

I, Heng Zee Wang, the officer primarily responsible for the financial management of AIA Bhd., do solemnly and sincerely declare that the financial statements for the financial year ended 30 November 2014 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.

HENG ZEE WANG

Subscribed and solemnly declared by the abovenamed Heng Zee Wang at Kuala Lumpur in the Federal Territory on 12 February 2015.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA BHD.
(Incorporated in Malaysia)
(Company No. 790895-D)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AIA Bhd. on pages 18 to 215 which comprise the statements of financial position as at 30 November 2014 of the Group and of the Company, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 2 to 43.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 about whether the financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA BHD. (CONTINUED)
(Incorporated in Malaysia)
(Company No. 790895-D)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PRICEWATERHOUSECOOPERS	JAYARAJAN A/L U. RATHINASAMY
(No. AF: 1146)	(No. 2059/06/16 (J))
Chartered Accountants	Chartered Accountant

Kuala Lumpur
12 February 2015

Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2014

				Group			Company
	Note	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000
Assets							
Property, plant and equipment	3	310,464	272,666	139,485	309,654	271,306	138,247
Investment properties	4	334,180	344,131	38,505	334,180	344,131	38,505
Prepaid land lease payments	5	1,250	1,276	671	1,250	1,276	671
Intangible assets	6	58,498	38,187	10,007	57,744	37,944	10,007
Investment in subsidiaries	7	-	-	-	143,000	143,000	104,600
Investment in associate	8	54,250	22,345	22,795	88	88	88
Available-for-sale financial assets	9	8,369,302	7,058,308	3,174,384	8,307,340	7,003,986	3,111,915
Fair value through profit or loss financial assets	10	31,371,381	29,168,443	16,805,196	31,356,845	29,045,614	16,731,432
Loans and receivables	11	4,524,142	4,376,811	1,986,618	4,523,998	4,364,013	1,986,607
Reinsurance/ retakaful assets	12	94,963	100,794	12,048	94,963	100,794	12,048
Insurance/takaful receivables	13	459,249	364,096	153,502	459,249	364,096	153,502
Cash and cash equivalents		567,542	613,893	384,008	550,475	581,416	319,639
Total assets		46,145,221	42,360,950	22,727,219	46,138,786	42,257,664	22,607,261
Equity and liabilities							
Share capital	15	767,438	767,438	241,706	767,438	767,438	241,706
Share premium		683,452	683,452	-	683,452	683,452	-
Retained earnings	16	3,020,387	2,249,981	1,228,525	3,056,914	2,311,588	1,248,787
Available-for-sale fair value reserves		52,690	(40,888)	126,974	51,369	(42,511)	125,313
Proposed dividend reserves		-	320,000	300,000	-	320,000	300,000
Foreign currency translation reserves		-	-	(941)	-	-	-
Total equity attributable to:							
Owners of the parent		4,523,967	3,979,983	1,896,264	4,559,173	4,039,967	1,915,806
Non-controlling interest		-	-	23,833	-	-	-
Total equity		4,523,967	3,979,983	1,920,097	4,559,173	4,039,967	1,915,806

AIA BHD.
(Incorporated in Malaysia)

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

		Group			Company		
	Note	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000
Insurance/takaful contract liabilities	17	34,877,868	33,015,043	16,986,676	34,853,644	32,888,749	16,891,383
Deferred tax liabilities	18	482,981	454,395	379,539	482,981	454,405	374,034
Insurance/takaful payables	19	4,792,881	4,353,163	2,910,881	4,792,881	4,352,286	2,910,161
Current tax liabilities		74,171	59,766	13,497	74,333	59,757	13,449
Other payables	20	1,393,353	498,600	516,529	1,375,774	462,500	502,428
Total liabilities		41,621,254	38,380,967	20,807,122	41,579,613	38,217,697	20,691,455
Total equity and liabilities		46,145,221	42,360,950	22,727,219	46,138,786	42,257,664	22,607,261

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

AIA BHD.
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Gross earned premiums/ contributions		7,213,396	5,097,842	7,190,372	5,011,433
Premiums/contributions ceded to reinsurers/ retakaful operators		(199,328)	(153,690)	(198,859)	(151,101)
Net earned premiums/ contributions revenue	25	7,014,068	4,944,152	6,991,513	4,860,332
Investment income	26	1,848,348	1,360,018	1,844,729	1,356,781
Net realised (losses)/gains	27	(25,261)	1,998	(26,698)	1,912
Fair value gains/(losses)	28	399,821	(413,860)	399,130	(413,020)
Gain on disposal of Takaful business transferred		33,333	-	-	-
Other operating expense	29	(44,929)	(107,768)	(40,876)	(93,785)
Total net revenue		9,225,380	5,784,540	9,167,798	5,712,220
Gross benefits and claims paid	30 (a)	(4,838,418)	(2,990,684)	(4,832,606)	(2,975,577)
Claims ceded to reinsurers/ retakaful operators	30 (b)	204,897	98,892	204,897	97,681
Gross change to insurance/ takaful contract liabilities	30 (c)	(1,986,296)	(790,932)	(1,977,310)	(759,934)
Change in insurance/takaful contract liabilities ceded to reinsurers/retakaful operators	30 (d)	(4,429)	(18,960)	(4,429)	(18,960)
Net insurance/takaful benefits and claims		(6,624,246)	(3,701,684)	(6,609,448)	(3,656,790)
Fee and commission expenses		(877,033)	(673,742)	(871,803)	(651,425)
Management expenses	31	(697,827)	(554,737)	(687,466)	(522,030)
Other expenses		(1,574,860)	(1,228,479)	(1,559,269)	(1,173,455)

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

Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit before share of profit from associate		1,026,274	854,377	999,081	881,975
Share of (loss)/profit from associate		(1,508)	3,050	-	-
Profit before taxation		1,024,766	857,427	999,081	881,975
Tax expense attributable to policyholders and unitholders		(125,249)	(44,647)	(125,185)	(44,588)
Profit before tax attributable to shareholders		899,517	812,780	873,896	837,387
Tax expense	32	(252,919)	(196,008)	(252,314)	(201,089)
Tax expense attributable to policyholders and unitholders		125,249	44,647	125,185	44,588
Tax expense attributable to shareholders		(127,670)	(151,361)	(127,129)	(156,501)
Profit for the financial year		771,847	661,419	746,767	680,886
Profit attributable to:					
Owners of the parent		771,847	662,716	746,767	680,886
Non-controlling interest		-	(1,297)	-	-
		771,847	661,419	746,767	680,886
Basic earnings per share (sen)		100.6	138.8	97.3	142.6

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

Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the financial year	771,847	661,419	746,767	680,886
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net gain/(loss) arising during the financial year	96,994	(224,807)	96,460	(223,893)
Net realised loss/(gain) transferred to Income Statement	26,108	(1,609)	27,545	(1,523)
Deferred taxation	(29,604)	57,843	(30,125)	57,592
Foreign currency translation adjustments	-	941	-	-
Share of other comprehensive income from associate	80	-	-	-
Post employment benefit obligations:				
Remeasurements	(1,507)	4,042	(1,507)	4,042
Deferred taxation	66	(855)	66	(855)
Other comprehensive income/(loss) - net of tax, for the financial year	92,137	(164,445)	92,439	(164,637)
Total comprehensive income for the financial year	863,984	496,974	839,206	516,249
Total comprehensive income attributable to:				
Owners of the parent	863,984	498,164	839,206	516,249
Non-controlling interest	-	(1,190)	-	-
	863,984	496,974	839,206	516,249

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

Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

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

Group

	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 2013	767,438	683,452	(40,888)	-	2,257,972	320,000	3,987,974
Effect of adoption of MFRS119	-	-	-	-	(7,991)	-	(7,991)
At 1 December 2013 (restated)	767,438	683,452	(40,888)	-	2,249,981	320,000	3,979,983
Profit for the financial year	-	-	-	-	771,847	-	771,847
Total other comprehensive income/(loss) for the financial year	-	-	93,578	-	(1,441)	-	92,137
Total comprehensive income for the financial year	-	-	93,578	-	770,406	-	863,984
Share based compensation: value of employee services	-	-	-	13,754	-	-	13,754
Share based compensation: repayment to ultimate holding company	-	-	-	(13,754)	-	-	(13,754)
Dividend paid for the financial year ended 30 November 2013 (Note 33)	-	-	-	-	-	(320,000)	(320,000)
At 30 November 2014	767,438	683,452	52,690	-	3,020,387	-	4,523,967

*Included in retained earnings is RM2,115 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.
(Incorporated in Malaysia)

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

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
Effect of adoption of MFRS119	-	-	-	-	-	(4,404)	-	-	(4,404)
At 1 December 2012 (restated)	241,706	-	(941)	126,974	-	1,228,525	300,000	23,833	1,920,097
Reserves arising from business transfer from Premium Policy Berhad	-	-	-	-	-	698,728	-	-	698,728
Profit for the financial year	-	-	-	-	-	662,716	-	(1,297)	661,419
Total other comprehensive income/(loss) for the financial year	-	-	941	(168,680)	-	3,187	-	107	(164,445)
Total comprehensive income/(loss) for the financial year	-	-	941	(168,680)	-	665,903	-	(1,190)	496,974
Share based compensation: value of employee services	-	-	-	-	8,123	-	-	-	8,123
Share based compensation: repayment to ultimate holding company	-	-	-	-	(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)	-	2,249,981	320,000	-	3,979,983

*Included in retained earnings is RM1,951 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.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (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 2013	767,438	683,452	(42,511)	-	2,319,579	320,000	4,047,958
Effect of adoption of MFRS119	-	-	-	-	(7,991)	-	(7,991)
At 1 December 2013 (restated)	767,438	683,452	(42,511)	-	2,311,588	320,000	4,039,967
Profit for the financial year	-	-	-	-	746,767	-	746,767
Total other comprehensive income/(loss) for the financial year	-	-	93,880	-	(1,441)	-	92,439
Total comprehensive income for the financial year	-	-	93,880	-	745,326	-	839,206
Share based compensation: value of employee services	-	-	-	13,512	-	-	13,512
Share based compensation: repayment to ultimate holding company	-	-	-	(13,512)	-	-	(13,512)
Dividend paid for the financial year ended 30 November 2013 (Note 33)						(320,000)	(320,000)
At 30 November 2014	767,438	683,452	51,369	-	3,056,914	-	4,559,173

* Included in retained earnings is RM2,115 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.
(Incorporated in Malaysia)

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

Company	Attributable to equity holders of the Company						
					Distributable		
	Share capital RM'000	Share premium RM'000	Available-for-sale fair value reserves RM'000	Share-based reserves RM'000	Retained earnings* RM'000	Proposed dividend reserves RM'000	Total RM'000
At 1 December 2012	241,706	-	125,313	-	1,253,191	300,000	1,920,210
Effect of adoption of MFRS119	-	-	-	-	(4,404)	-	(4,404)
At 1 December 2012 (restated)	241,706	-	125,313	-	1,248,787	300,000	1,915,806
Reserves arising from business transfer from Premium Policy Berhad	-	-	-	-	698,728	-	698,728
Profit for the financial year	-	-	-	-	680,886	-	680,886
Total other comprehensive (loss)/income for the financial year	-	-	(167,824)	-	3,187	-	(164,637)
Total comprehensive (loss)/income for the financial year	-	-	(167,824)	-	684,073	-	516,249
Share based compensation: value of employee services	-	-	-	7,735	-	-	7,735
Share based compensation: repayment to ultimate holding company	-	-	-	(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)	-	2,311,588	320,000	4,039,967

* Included in retained earnings is RM1,951 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.
(Incorporated in Malaysia)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	899,517	812,780	873,896	837,387
Tax expense attributable to policyholders and unitholders	125,249	44,647	125,185	44,588
Investment income	(1,796,923)	(938,847)	(1,792,256)	(936,762)
Realised gains recorded in Income Statements	(89,510)	(2,221)	(88,073)	(1,523)
Fair value (gains)/losses recorded in Income Statements	(399,821)	410,730	(399,130)	413,020
Realised losses on foreign exchange	-	2,345	-	1,404
Depreciation				
- property, plant and equipment	27,460	22,736	26,904	22,242
- investment properties	9,951	8,851	9,951	8,851
Amortisation				
- prepaid land lease payments	26	22	26	22
- intangible assets	6,613	5,301	6,613	5,301
Write off of property, plant and equipment	-	8	-	8
Gain on sale of property, plant and equipment	(121)	(378)	(121)	(378)
Net unrealised (gains)/losses on foreign exchange	(7,122)	10,149	(7,122)	10,149
Impairment loss on investments	-	-	-	249
Allowance for impairment losses	26,191	48,440	26,191	48,440
Share of loss/(gain) from associate	1,508	(3,050)	-	-
Gain on disposal of Takaful business transferred	(33,333)	-	-	-

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

AIA BHD.
(Incorporated in Malaysia)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Changes in working capital:				
Increase in AFS and FVTPL financial assets	(3,004,279)	(1,598,741)	(3,010,778)	(1,579,809)
Decrease in reinsurance/retakaful assets	5,831	18,042	5,831	18,042
(Increase)/decrease in insurance/ takaful receivables	(103,088)	124,987	(103,088)	124,987
(Increase)/decrease in loans and receivables	(166,784)	268,061	(187,275)	284,919
Increase in insurance/takaful payables	439,718	336,933	440,595	336,778
Increase in insurance/takaful contract liabilities	1,970,377	577,514	1,964,895	546,513
Increase in other payables	74,329	165,680	85,621	139,612
Cash (used in)/generated from operating activities	(2,014,211)	313,989	(2,022,135)	324,040
Income taxes paid	(239,003)	(202,274)	(239,220)	(202,595)
Interest income received	1,578,542	683,993	1,578,492	683,490
Profit income received	4,410	4,270	-	-
Dividends received	237,528	110,031	237,321	109,756
Net cash (outflows)inflows from operating activities	(432,734)	910,009	(445,542)	914,691
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(27,229)	(32,601)	(26,718)	(32,601)
Purchase of property, plant and equipment	(65,118)	(10,657)	(65,107)	(9,798)
Proceed for collective investment scheme	-	(20,000)	-	-
Proceed for disposal of collective Investment scheme	6,744	-	-	-
Acquisition of subsidiary from non-controlling interests	-	(45,000)	-	(45,000)

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

AIA BHD.
(Incorporated in Malaysia)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED)				
Proceed from disposal of property, plant and equipment	286	414	281	414
Proceed from liquidation of a subsidiary	-	-	-	6,351
Net cash transfer upon business transfer (Note 43)	(34,445)	-	-	-
Net cash received upon business transfer	-	56,776	-	56,776
Net cash outflows from investing activities	(119,762)	(51,068)	(91,544)	(23,858)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in obligation on securities sold under repurchase agreements	826,145	(329,056)	826,145	(329,056)
Dividend paid	(320,000)	(300,000)	(320,000)	(300,000)
Net cash inflows/(outflows) from financing activities	506,145	(629,056)	506,145	(629,056)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(46,351)	229,885	(30,941)	261,777
CASH AND CASH EQUIVALENTS AT 1 DECEMBER	613,893	384,008	581,416	319,639
CASH AND CASH EQUIVALENTS AT 30 NOVEMBER	567,542	613,893	550,475	581,416

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

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

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 except for Green Health Certification Malaysia Sdn. Bhd. (formerly known as AIA AFG Takaful Bhd. (ñAATBò) ceased to carry on its Takaful business with effect from 2 March 2014 following the business transfer as disclosed in Note 43 to the financial statements and AATB is engaged principally in investment holding activities.

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act, 1965 and the Financial Services Act, 2014 and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

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

The financial statements are authorised for issue by the Board on 12 February 2015.

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 (ñMFRSò), International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

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 Companyõs 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 structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

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 Companyôs 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 assetôs 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 and presented within Net realized gains/(losses).

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(d).

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 and presented within Net realized gains/(losses) 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 and presented within Net realized gains/(losses) 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 MFRS 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.

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 or CGU's fair value less costs of disposal and its 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.

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

FVTPL

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 as 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 and presented within Fair value gains/(losses). 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 as investment income 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 as investment income 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 as investment income 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 and presented within Net realized gains/(losses).

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

General

Financial assets are assessed for impairment on a regular basis. A financial asset is impaired if its carrying value exceeds the estimated recoverable amount and there is objective evidence of impairment to the financial asset. The 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, 2014. 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(o) and 2.2(p) 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, 2014 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, 2014 ("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)

<u>Family takaful contract liabilities</u> (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 interest 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(j).

(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 interest 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.

(ii) Post retirement benefit obligations

<u>Defined contribution plans</u>

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

(ii) Post retirement benefit obligations (continued)

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.

The Group also contributes to a funded scheme for eligible employees based on a defined benefit plan. This fund is 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 defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The benefit obligation is calculated using the projected unit credit method by independent actuaries by discounting 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.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in staff costs in the consolidated income statement.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefits related to past service by employees, or the gain or loss on curtailment, is recognised immediately in consolidated income statement when the plan amendment or curtailment occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

(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").

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(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.

(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;

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(y) Foreign currency (continued)

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

(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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(aa) Other revenue recognition

(i) Rental income

Rental income is recognised on accruals basis and presented within Investment income in the Income Statements.

(ii) Gains and losses on disposal of investments

Gains and losses on disposal of investments are determined by comparing the sales proceeds and the carrying amounts of the investments and the resulting difference credited or charged to the Income Statements. Cost is determined by specific identification.

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 effective and relevant to the Group's financial year beginning on or after 1 January 2013

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

MFRSs		Effective date
MFRS 10	Consolidated financial statements	1 January 2013
MFRS 11	Joint Arrangement	1 January 2013
MFRS 12	Disclosure of interests in other entities	1 January 2013
MFRS 13	Fair value measurement	1 January 2013
Revised MFRS 127	Separate financial statements	1 January 2013
Revised MFRS 128	Investment in associates and joint ventures	1 January 2013
Amendments to MFRS		
MFRS 119	Employee Benefits	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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 effective and relevant to the Group's financial year beginning on or after 1 January 2013 (continued)

<u>Improvements to MFRS</u>

Amendments to MFRS 101, Amendments to MFRS 116, Amendments to MFRS 132, Amendments to MFRS 134, Amendments to MFRS 1	Annual Improvements 2009 ï 2011 Cycle	1 January 2013

<u>Improvements to IC Interpretations (ñIC INTò)</u>

Amendments to IC INT 2,	Annual Improvements 2009 ï 2011 Cycle	1 January 2013

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

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

MFRS 13, ôFair value Measurementö 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. ôFinancial Instruments: Disclosureö, but apply to all assets and liabilities measured at fair value, not just financial ones.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Effects of adopting amendments to MFRS 119 Employee Benefits

The adoption of the revised MFRS 119 affected the accounting treatment of certain items such as the timing of the recognition of certain gains and losses arising from defined benefits plans and the presentation of changes in defined benefit liability or asset. The key changes to the accounting policy and financial impact to the Group and the Company are as follows:

- Actuarial gains and losses are recognized immediately in other comprehensive income, and are not subsequently recycled to the income statement. The corridor approach for accounting for unrecognized actual gains in prior years is discontinued.

- Past service costs, whether unvested or already vested, are recognized immediately in the income statement as incurred. Pension costs for a funded benefit plan will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the interest cost and expected return on plan assets.

The revised MFRS 119 has resulted in changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. This change in accounting policy has been accounted for retrospectively and a summary of financial impact to the Group and the Company on initial adoption are as follows:

Statements of Financial Position

At 1 December 2012

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Group			
Other payable	511,064	5,465	516,529
Deferred tax liabilities	380,600	(1,061)	379,539
Retained earnings	1,232,929	(4,404)	1,228,525
Company			
Other payable	496,963	5,465	502,428
Deferred tax liabilities	375,095	(1,061)	374,034
Retained earnings	1,253,191	(4,404)	1,248,787

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Effects of adopting amendments to MFRS 119 Employee Benefits (continued)

Statements of Financial Position (continued)

At 30 November 2013

Group	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Other payable	488,764	9,836	498,600
Deferred tax liabilities	456,240	(1,845)	454,395
Retained earnings	2,257,972	(7,991)	2,249,981
Company			
Other payable	452,664	9,836	462,500
Deferred tax liabilities	456,250	(1,845)	454,405
Retained earnings	2,319,579	(7,991)	2,311,588

Income Statements

30 November 2013

Group			
Management expenses	(546,324)	(8,413)	(554,737)
Tax expense	(153,000)	1,639	(151,361)
Profit for the financial year	668,193	(6,774)	661,419
Company			
Management expenses	(513,617)	(8,413)	(522,030)
Tax expense	(158,140)	1,639	(156,501)
Profit for the financial year	687,660	(6,774)	680,886

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Effects of adopting amendments to MFRS 119 Employee Benefits (continued)

Statement of Comprehensive Income

30 November 2013

Group	**As previously stated RM'000**	**Adjustment RM'000**	**As restated RM'000**
Post employment benefits obligations:			
Remeasurements	-	4,042	4,042
Deferred taxation	-	(855)	(855)
Other comprehensive loss - net of tax, for the period	(167,632)	3,187	(164,445)
Total comprehensive income for the period	500,561	(3,587)	496,974
Company			
Post employment benefits obligations:			
Remeasurements	-	4,042	4,042
Deferred taxation	-	(855)	(855)
Other comprehensive loss - net of tax, for the period	(167,824)	3,187	(164,637)
Total comprehensive income for the period	519,836	(3,587)	516,249

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

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

Financial year beginning on/after 1 December 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)

(c) 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)

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

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

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

<u>Financial year beginning on/after 1 January 2018</u>

- MFRS 9, óFinancial Instruments - Classification and Measurement of Financial Assets and Financial Liabilitiesô(effective from 1 January 2018)

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(c) 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 January 2018 (continued)

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

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

  There is now a new expected credit losses model on impairment for certain financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Key sources of estimation uncertainty

(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.

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").

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 2014, 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)

(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 2014, 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.

(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.

3 PROPERTY, PLANT AND EQUIPMENT

Group	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 2014								
Cost								
At 1 December 2013	11,046	6,336	375,081	3,884	34,450	79,139	5,160	515,096
Additions	-	-	85	-	757	3,996	60,280	65,118
Disposal	-	-	-	(360)	-	(7)	-	(367)
Reclass from intangible assets (Note 6)	-	-	-	-	295	-	-	295
Reclassification	-	-	32,931	-	26,550	3,567	(63,048)	-
At 30 November 2014	11,046	6,336	408,097	3,524	62,052	86,695	2,392	580,142
Accumulated Depreciation								
At 1 December 2013	-	119	154,010	2,600	26,740	58,961	-	242,430
Depreciation charge for the financial year (Note 31)	-	7	14,041	617	3,299	9,496	-	27,460
Disposal	-	-	-	(210)	-	(2)	-	(212)
At 30 November 2014	-	126	168,051	3,007	30,039	68,455	-	269,678
Net Book Value at 30 November 2014	11,046	6,210	240,046	517	32,013	18,240	2,392	310,464

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								
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	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (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 2013 (continued)								
Accumulated Depreciation								
At 1 December 2012	-	112	112,953	434	23,230	46,450	-	183,179
Business transfer from Premium Policy Berhad	-	4	1,844	2,612	5	5,761	-	10,226
Depreciation charge for the financial year (Note 31)	-	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 2014, RM3,623,000 (2013: RM8,064,000) of the net carrying amount of office equipment were under finance lease.

The fair value of the properties was estimated at RM377,200,000 (2013: RM370,300,000) 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.

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	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
As at 30 November 2014								
Cost								
At 1 December 2013	11,046	6,336	375,081	3,844	33,450	77,834	5,160	512,751
Additions	-	-	85	-	757	3,985	60,280	65,107
Disposal	-	-	-	(360)	-	-	-	(360)
Reclass from intangible assets (Note 6)	-	-	-	-	295	-	-	295
Reclassification	-	-	32,931	-	26,317	3,800	(63,048)	-
At 30 November 2014	11,046	6,336	408,097	3,484	60,819	85,619	2,392	577,793
Accumulated Depreciation								
At 1 December 2013	-	119	154,010	2,479	26,361	58,476	-	241,445
Depreciation charge for the financial year (Note 31)	-	7	14,041	610	2,977	9,269	-	26,904
Disposal	-	-	-	(210)	-	-	-	(210)
At 30 November 2014	-	126	168,051	2,879	29,338	67,745	-	268,139
Net Book Value at 30 November 2014	11,046	6,210	240,046	605	31,481	17,874	2,392	309,654

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	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
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	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

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	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
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	-	4	1,844	2,612	5	5,761	-	10,226
Depreciation charge for the financial year (Note 31)	-	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

As at 30 November 2014, RM3,623,000 (2013: RM8,064,000) of the net carrying amount of office equipment were under finance lease.

The fair value of the land and properties were estimated at RM391,190,000 (2013: RM381,350,000) 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.

4 INVESTMENT PROPERTIES

Group and Company	Freehold land RM'000	Investment buildings RM'000	Total RM'000
At 30 November 2014			
Cost			
At 1 December 2013/ 30 November 2014	159,872	194,572	354,444
Accumulated Depreciation			
At 1 December 2013	-	10,313	10,313
Depreciation charge for the financial year (Note 31)	-	9,951	9,951
At 30 November 2014	-	20,264	20,264
Net Book Value at 30 November 2014	159,872	174,308	334,180
At 30 November 2013			
Cost			
At 1 December 2012	3,582	64,018	67,600
Business transfer from Premium Policy Berhad	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

4 INVESTMENT PROPERTIES (CONTINUED)

Group and Company (continued)	Freehold land RM'000	Investment buildings RM'000	Total RM'000
Accumulated Depreciation			
At 1 December 2012	-	29,095	29,095
Depreciation charge for the financial year (Note 31)	-	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

The fair value of the properties was estimated at RM377,200,000 (2013: RM370,300,000) 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	
	2014 RM'000	2013 RM'000
Rental income	25,846	13,625
Direct operating expenses arising from investment properties that generate rental income	(19,310)	(4,299)

5 PREPAID LAND LEASE PAYMENTS

	Group and Company	
	30.11.2014 RM'000	30.11.2013 RM'000
At beginning of financial year	1,276	671
Business transfer from Premium Policy Berhad	-	627
Amortisation for the financial year (Note 31)	(26)	(22)
At end of financial year	1,250	1,276
Analysed as:		
Short term leasehold land	1,250	1,276

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	
	30.11.2014 RM'000	30.11.2013 RM'000
Current	709	719
Non current	541	557
	1,250	1,276

6 INTANGIBLE ASSETS

Group	Software RM'000	Membership/ Bancassurance distribution right RM'000	Work in progress RM'000	Total RM'000
At 30 November 2014				
Cost				
At 1 December 2013	77,754	1,449	21,921	101,124
Additions	1,336	-	25,893	27,229
Written off	-	(10)	-	(10)
Reclass to property, plant and equipment (Note 3)	-	-	(295)	(295)
Reclassification	20,698	-	(20,698)	-
At 30 November 2014	99,788	1,439	26,821	128,048
Accumulated amortisation and impairment				
At 1 December 2013	62,763	174	-	62,937
Amortisation for the financial year (Note 31)	6,591	22	-	6,613
At 30 November 2014	69,354	196	-	69,550
Net Book Value at 30 November 2014	30,434	1,243	26,821	58,498

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 2013				
Cost				
At 1 December 2012	58,810	15,447	4,290	78,547
Business transfer from Premium Policy Berhad	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	4,096	-	-	4,096
Amortisation for the financial year (Note 31)	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

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

6 INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Membership/ Bancassurance distribution right RM'000	Work in progress RM'000	Total RM'000
At 30 November 2014				
Cost				
At 1 December 2013	77,511	1,449	21,921	100,881
Additions	825	-	25,893	26,718
Written off	-	(10)	-	(10)
Reclass to property, plant and equipment (Note 3)	-	-	(295)	(295)
Reclassification	20,698	-	(20,698)	-
At 30 November 2014	99,034	1,439	26,821	127,294
Accumulated amortisation and impairment				
At 1 December 2013	62,763	174	-	62,937
Amortisation for the financial year (Note 31)	6,591	22	-	6,613
At 30 November 2014	69,354	196	-	69,550
Net Book Value at 30 November 2014	29,680	1,243	26,821	57,744

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

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 2013				
Cost				
At 1 December 2012	58,810	15,447	4,290	78,547
Business transfer from Premium Policy Berhad	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	4,096	-	-	4,096
Amortisation for the financial year (Note 31)	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

7 INVESTMENT IN SUBSIDIARIES

	Company	
	30.11.2014	**30.11.2013**
	RM'000	**RM'000**
Unquoted shares, at cost	143,000	143,000

Details of the subsidiaries are as follows:

Name	Country of incorporation	Effective interest 30.11.2014 (%)	Effective interest 30.11.2013 (%)	Principal activities
Green Health Certification Sdn. Bhd. (formerly known as AIA AFG Takaful Bhd.) (ñAATBò)	Malaysia	100	100	Changed from Takaful operator to investment assets holding.
AIA Pension and Asset Management Sdn. Bhd. (ñAPAMò)	Malaysia	100	100	Managing private retirement scheme and asset management business.

Interests in structured entities

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

7 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Interests in structured entities (continued)

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

RM'000	Investment funds	Structured securities[1]
Available for sale debt securities	-	263,953
Debt securities at fair value through profit or loss	-	996,899
Equity securities at fair value through profit or loss	1,318,767[2]	-
Total	1,318,767	1,260,852

Notes:

(1) Structured securities include mortgage-backed securities.

(2) Balance represents the Groups interests in mutual funds and real estate investment trusts.

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

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

8 INVESTMENT IN ASSOCIATE

	Group		Company	
	30.11.2014	**30.11.2013**	**30.11.2014**	**30.11.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	33,421	88	88	88
Share of post-acquisition reserve	20,829	22,257	-	-
	54,250	22,345	88	88

8 INVESTMENT IN ASSOCIATE (CONTINUED)

Details of the associate company are as follows:

Name	Country of incorporation	Effective interest (%) 30.11.2014	Effective interest (%) 30.11.2013	Principal activity
*Panareno Sdn. Bhd.	Malaysia	35	35	Property management and development
AIA PUBLIC Takaful Bhd.	Malaysia	**25	-	Managing family takaful business including investment linked business

* The Panareno Sdn. Bhd. 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 2014 have been used and appropriate adjustments have been made for the effects of significant transactions between 30 November 2014 and that date.

** Business transfer from Green Health Certification Bhd. (formerly known as AIA AFG Takaful Bhd. ("AATB")), to AIA PUBLIC Takaful Bhd. ("APTB") by the issuance of 33,333,333 new ordinary shares of RM1 each at an issue price of RM1.00 each ordinary shares, amounted to RM33,333,333 from APTB to AATB.

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

	30.11.2014 RM'000	30.11.2013 RM'000
Assets and liabilities		
Current assets/total assets	147,763	28,897
Current liabilities/total liabilities	93,513	6,552
Net assets	54,250	22,345
Results		
Revenue	25,908	6,552
(Loss)/profit for the financial year	(1,508)	3,050
Other comprehensive income	80	-

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

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
At fair value				
Malaysian government securities	1,758,856	2,085,732	1,753,639	2,075,557
Cagamas papers	492,547	553,823	492,547	553,823
Unquoted corporate debt securities	5,917,875	4,227,876	5,861,810	4,184,360
Unquoted equity securities	4,625	-	4,625	-
Deposits with licensed bank	102,890	110,053	102,890	110,053
Accrued interest	92,509	80,824	91,829	80,193
	8,369,302	7,058,308	8,307,340	7,003,986
Carrying values of financial instruments				
At 1 December	7,058,308	3,174,384	7,003,986	3,111,915
Business transfer from Premium Policy Berhad	-	3,727,748	-	3,727,748
Purchases	2,517,654	2,025,276	2,508,645	2,032,331
Maturities	(295,580)	(191,335)	(295,580)	(191,335)
Disposals at amortised cost	(1,031,611)	(1,471,302)	(1,031,135)	(1,471,302)
Fair value gains/(losses) recorded in:				
Other comprehensive income	123,102	(226,416)	124,005	(225,416)
Unrealised foreign exchange loss	(1,544)	(6,314)	(1,544)	(6,314)
Movement in accrued interest	11,685	40,508	11,636	40,549
Net amortisation	(12,712)	(14,241)	(12,673)	(14,190)
At 30 November	8,369,302	7,058,308	8,307,340	7,003,986
Current	303,174	318,763	302,493	318,131
Non current	8,066,128	6,739,545	8,004,847	6,685,855
	8,369,302	7,058,308	8,307,340	7,003,986

Malaysian government securities and unquoted corporate debt securities held for investment of RM861,581,000 (2013: NIL) 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 20.

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 2014	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	1,758,856	-	1,758,856	-
Cagamas papers	492,547	-	492,548	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,917,875	-	5,917,874	-
Deposits with licensed bank	102,890	-	102,890	-
Accrued interest	92,509	-	92,509	-
	8,369,302	-	8,364,677	4,625
At 30 November 2013				
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	-

Company

At 30 November 2014	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	1,753,639	-	1,753,639	-
Cagamas papers	492,547	-	492,547	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,861,810	-	5,861,810	-
Deposits with licensed bank	102,890	-	102,890	-
Accrued interest	91,829	-	91,829	-
	8,307,340	-	8,302,715	4,625

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial investment

Company

At 30 November 2013	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
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	-

The tables below set out a summary of changes in the Level 3 financial assets for the financial year ended 30 November 2014.

Level 3 financial assets

Group and Company

	Unquoted equity securities RM'000
At 30 November 2013	-
Acquisition during the year	4,625
At 30 November 2014	4,625

Fair value hierarchy for financial and non financial instruments

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entirety. The three-level hierarchy is defined as per Note 14.

10 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	Group		Company	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian government securities	6,244,610	6,347,948	6,244,610	6,322,094
Cagamas papers	1,824,358	1,904,237	1,824,358	1,904,237
Equity securities of corporations				
- Quoted	7,402,482	6,358,633	7,402,482	6,335,540
- Unquoted	969	33	969	33
Quoted real estate investment trust	552,043	344,835	552,043	344,211
Unquoted corporate debt securities	14,123,355	12,639,380	14,123,355	12,587,458
Seed capital	14,536	20,405	-	-
Mutual Funds				
- Quoted	709,187	1,094,110	709,187	1,094,110
- Unquoted	199,240	158,797	199,240	158,797
Subscription rights	-	51	-	51
Deposits with licensed bank	52,025	73,526	52,025	73,526
Malaysian government guarantee loans	8,000	8,000	8,000	8,000
Accrued interest	240,576	218,488	240,576	217,557
	31,371,381	29,168,443	31,356,845	29,045,614

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

	Group		Company	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
Carrying values of financial instruments				
At 1 December	29,168,443	16,805,196	29,045,614	16,731,432
Business transfer from Premium Policy Berhad	-	11,455,063	-	11,455,063
Business transfer to AIA PUBLIC Takaful Bhd. (Note 43)	(104,115)	-	-	-
Purchases	5,840,130	7,303,732	5,834,819	7,253,921
Maturities	(667,690)	(404,670)	(667,690)	(404,670)
Disposals at fair value cost	(3,250,961)	(5,646,722)	(3,241,735)	(5,646,722)
Fair value gain/(losses) recorded in Income Statements	399,821	(413,860)	399,130	(413,020)
Unrealised foreign exchange gains	-	10,213	-	10,213
Movement in accrued interest	22,088	84,553	23,019	84,363
Net amortisation	(36,335)	(25,062)	(36,312)	(24,966)
At 30 November	31,371,381	29,168,443	31,356,845	29,045,614

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

	Group		Company	
	30.11.2014	**30.11.2013**	**30.11.2014**	**30.11.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current	9,415,245	8,498,851	9,415,246	8,497,920
Non current	21,956,136	20,669,592	21,941,599	20,547,694
	31,371,381	29,168,443	31,356,845	29,045,614

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 2014	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Malaysian government securities	6,244,610	-	6,244,610	-
Cagamas papers	1,824,358	-	1,824,358	-
Equity securities of corporations				
- Quoted	7,402,482	7,402,482	-	-
- Unquoted	969	936	-	33
Quoted real estate investment trust	552,043	552,043	-	-
Unquoted corporate debt securities	14,123,355	-	14,123,355	-
Seed Capital	14,536	14,536	-	-
Mutual Funds				
- Quoted	709,187	709,187	-	-
- Unquoted	199,240	66,695	-	132,545
Subscription rights	-	-	-	-
Deposits with licensed bank	52,025	-	52,025	-
Malaysian government guarantee loans	8,000	-	8,000	-
Accrued interest	240,576	-	240,576	-
Total assets on a recurring fair value measurement basis	31,371,381	8,745,879	22,492,924	132,578

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

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

Fair value of financial investment (continued)

Group (continued)

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	344,835	344,835	-	-
Unquoted corporate debt securities	12,639,380	-	12,639,380	-
Seed Capital	20,405	20,405	-	-
Mutual Funds				
- Quoted	1,094,110	1,094,110	-	-
- Unquoted	158,797	-	-	158,797
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	-
Total assets on a recurring fair value measurement basis	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)

Company

At 30 November 2014	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Malaysian government securities	6,244,610	-	6,244,610	-
Cagamas papers	1,824,358	-	1,824,358	-
Equity securities of corporations				
- Quoted	7,402,482	7,402,482	-	-
- Unquoted	969	936	-	33
Quoted real estate investment trust	552,043	552,043	-	-
Unquoted corporate debt securities	14,123,355	-	14,123,355	-
Mutual Funds				
- Quoted	709,187	709,187	-	-
- Unquoted	199,240	66,695	-	132,545
Subscription rights	-	-	-	-
Deposits with licensed bank	52,025	-	52,025	-
Malaysian government guarantee loans	8,000	-	8,000	-
Accrued interest	240,576	-	240,576	-
Total assets on a recurring fair value measurement basis	31,356,845	8,629,007	22,492,924	132,578

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	344,211	344,211	-	-
Unquoted corporate debt securities	12,587,458	-	12,587,458	-
Mutual Funds				
- Quoted	1,094,110	1,094,110	-	-
- Unquoted	158,797	-	-	158,797
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	-
Total assets on a recurring fair value measurement basis	29,045,614	7,773,861	21,112,872	158,881

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

Fair value of financial investment (continued)

The tables below set out a summary of changes in the Level 3 financial assets for the financial year ended 30 November 2014.

Level 3 financial assets

Group and Company

	Equity securities RM'000	Mutual fund RM'000	Subscription right RM'000
At 1 December 2012	33	-	-
Acquisition during the year	-	158,797	51
At 30 November 2013	33	158,797	51
Acquisition during the financial year	-	6,961	-
Disposal during the financial year	-	(34,481)	(51)
Fair value gain recorded in Income Statements	-	1,268	-
At 30 November 2014	33	132,545	-

Fair value hierarchy for financial and non financial instruments

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entirety. The three-level hierarchy is defined as per Note 14.

11 LOANS AND RECEIVABLES

	Group		Company	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Malaysian government guarantee loans	517,000	517,000	517,000	517,000
Policy loans	1,518,726	1,463,317	1,518,726	1,463,317
Mortgage loans	2,102,550	2,020,449	2,102,550	2,020,449
Other secured loans	25	33	25	33
Staff loans	31,714	29,074	31,714	29,074
Unsecured loans	2,541	1,727	2,541	1,727
Accrued interest	58,028	45,527	58,028	45,527
	4,230,584	4,077,127	4,230,584	4,077,127
Allowance for impairment loss	(41,856)	(31,543)	(41,856)	(31,543)
	4,188,728	4,045,584	4,188,728	4,045,584
Fixed and call deposits with licensed financial institutions	90,000	90,000	90,000	90,000
Other receivables:				
Accrued dividend	8,730	30,544	8,730	30,544
Other receivables	231,583	200,580	231,439	188,082
Deposits and prepayments	16,139	13,198	16,139	12,898
	256,452	244,322	256,308	231,524
Allowance for impairment loss	(11,038)	(3,095)	(11,038)	(3,095)
	245,414	241,227	245,270	228,429
	4,524,142	4,376,811	4,523,998	4,364,013
Current	303,397	286,753	303,253	273,955
Non current	4,220,745	4,090,058	4,220,745	4,090,058
	4,524,142	4,376,811	4,523,998	4,364,013

11 LOANS AND RECEIVABLES (CONTINUED)

	Group		Company	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian government guarantee loans	549,480	541,965	549,480	541,965
Policy loans	1,518,726	1,463,317	1,518,726	1,463,317
Mortgage loans	2,075,853	2,047,065	2,075,853	2,047,065
Other secured loans	25	34	25	34
Staff loans	27,909	28,132	27,909	28,132
Unsecured loans	2,357	1,587	2,357	1,587
Accrued interest	58,028	45,527	58,028	45,527
	4,232,378	4,127,627	4,232,378	4,127,627
Fixed and call deposits with licensed financial institutions	99,330	97,240	99,330	97,240
	4,331,708	4,224,867	4,331,708	4,224,867

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	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	RM'000	RM'000	RM'000	RM'000
Reinsurance of insurance contracts	94,963	100,794	94,963	100,794
Receivables within 12 months	94,963	100,794	94,963	100,794

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

13 INSURANCE/TAKAFUL RECEIVABLES

	Group and Company	
	30.11.2014	**30.11.2013**
	RM'000	**RM'000**
Outstanding premium/contributions including agents' balances	440,709	352,296
Amount due from reinsurers/retakaful operators	33,739	19,064
	474,448	371,360
Allowance for impairment loss	(15,199)	(7,264)
	459,249	364,096
Receivables within 12 months	459,249	364,096

Offsetting of financial assets and financial liabilities

The following table shows the assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at each year end:

Group

				Related amounts not setoff in the statement of financial position		
	Gross amount of recognised financial assets/(liabilities) RM'000	**Gross amount of recognised financial assets/(liabilities) setoff in the statement of financial position RM'000**	**Net amount of financial assets/(liabilities) presented in the statement of financial position RM'000**	**Financial instruments RM'000**	**Cash collateral received/ (pledged) RM'000**	**Net amount RM'000**
2014						
Amount due from reinsurers/retakaful operators	33,739	-	33,739	-	-	33,739
Amount due to reinsurers/retakaful operators	(131,032)	-	(131,032)	-	-	(131,032)
Available for sale financial assets	8,369,302	-	8,369,302	(861,581)	-	7,507,721
Obligations on securities sold under repurchase agreements	(826,145)	-	(826,145)	861,581	-	35,436
	7,445,864	-	7,445,864	-	-	7,445,864
2013						
Amount due from reinsurers/retakaful operators	19,064	-	19,064	-	-	19,064
Amount due to reinsurers/retakaful operators	(159,887)	-	(159,887)	-	-	(159,887)
	(140,823)	-	(140,823)	-	-	(140,823)

13 INSURANCE/TAKAFUL RECEIVABLES (CONTINUED)

Offsetting of financial assets and financial liabilities (continued)

Company

				Related amounts not setoff in the statement of financial position		
	Gross amount of recognised financial assets/(liabilities) RM'000	Gross amount of recognised financial assets/(liabilities) setoff in the statement of financial position RM'000	Net amount of financial assets/(liabilities) presented in the statement of financial position RM'000	Financial instruments RM'000	Cash collateral received/ (pledged) RM'000	Net amount RM'000
2014						
Amount due from reinsurers/retakaful operators	33,739	-	33,739	-	-	33,739
Amount due to reinsurers/retakaful operators	(131,032)	-	(131,032)	-	-	(131,032)
Available for sale financial assets	8,307,340	-	8,307,340	(861,581)	-	7,445,759
Obligations on securities sold under repurchase agreements	(826,145)		(826,145)	861,581		35,436
	7,383,902	-	7,383,902	-	-	7,383,902
2013						
Amount due from reinsurers/retakaful operators	19,064	-	19,064	-	-	19,064
Amount due to reinsurers/retakaful operators	(159,010)	-	(159,010)	-	-	(159,010)
	(139,946)	-	(139,946)	-	-	(139,946)

Certain amount due from reinsurers/retakaful operators and amount due to reinsurers/retakaful operators were set off for presentation purpose because they have enforceable right to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

14 FAIR VALUE MEASUREMENTS

Fair value measurements on a recurring basis

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

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

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

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the year ended 30 November 2014.

14 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

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

Level 1 - Financial instruments measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3 - Financial instruments measured in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the year ended 30 November 2014, there is no transferred of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There is no transferred of assets from Level 2 to Level 1 during the year ended 30 November 2014.

14 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

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

Significant unobservable inputs for level 3 fair value measurements

As at 30 November 2014, the valuation techniques and applicable unobservable inputs used to measure the Group's level 3 financial instruments are summarised as follows:

Description	Valuation techniques	Unobservable inputs
Private equity funds	Net asset value	Net asset value
Common and preferred shares of private companies	Cost	Cost

Valuation processes

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

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

14 FAIR VALUE MEASUREMENTS (CONTINUED)

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

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 30 November 2014 is given below.

Group

At 30 November 2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets for which the fair value is disclosed				
Financial assets				
Loans and receivables	-	99,330	4,232,378	4,331,708
Investment properties	-	-	377,200	377,200
Property for own used	-	-	391,190	391,190
Total assets for which the fair value is disclosed	-	99,330	5,000,768	5,100,098
Liabilities for which the fair value is disclosed				
Financial liabilities				
Insurance payables	-	-	4,792,881	4,792,881
Other payables	-	-	1,393,391	1,393,391
Total liabilities for which the fair value is disclosed	-	-	6,186,272	6,186,272

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FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

14 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Group

At 30 November 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Loans and receivables	-	97,240	4,127,627	4,224,867
Investment properties	-	-	370,300	370,300
Property for own used	-	-	381,350	381,350
Total assets for which the fair value is disclosed	-	97,240	4,879,277	4,976,517
Financial liabilities				
Insurance payables	-	-	4,353,163	4,353,163
Other payables	-	-	498,600	498,600
Total liabilities for which the fair value is disclosed	-	-	4,851,763	4,851,763

Company

At 30 November 2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Loans and receivables	-	99,330	4,232,378	4,331,708
Investment properties	-	-	377,200	377,200
Property for own used	-	-	391,190	391,190
Total assets for which the fair value is disclosed	-	99,330	5,000,768	5,100,098
Financial liabilities				
Insurance payables	-	-	4,792,881	4,792,881
Other payables	-	-	1,375,812	1,375,812
Total liabilities for which the fair value is disclosed	-	-	6,168,693	6,168,693

14 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Company (continued)

At 30 November 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Loans and receivables	-	97,240	4,127,627	4,224,867
Investment properties	-	-	370,300	370,300
Property for own used	-	-	381,350	381,350
Total assets for which the fair value is disclosed	-	97,240	4,879,277	4,976,517
Financial liabilities				
Insurance payables	-	-	4,352,286	4,352,286
Other payables	-	-	462,500	462,500
Total liabilities for which the fair value is disclosed	-	-	4,814,786	4,814,786

15 SHARE CAPITAL

	Number of shares at RM1 each		Amount	
	30.11.2014 000	30.11.2013 000	30.11.2014 RM'000	30.11.2013 RM'000
Group and Company				
Authorised share capital				
Ordinary shares at RM1 each:				
At 1 December	800,000	500,000	800,000	500,000
Increase in authorised Share Capital	-	300,000	-	300,000
At 30 November	800,000	800,000	800,000	800,000

15 SHARE CAPITAL (CONTINUED)

	Number of shares at RM1 each		Amount	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	000	000	RM'000	RM'000
Issued and paid up share capital				
Ordinary shares at RM1 each:				
At 1 December	767,438	241,706	767,438	241,706
Issued for acquisition of business from Premium Policy Berhad	-	525,732	-	525,732
At 30 November	767,438	767,438	767,438	767,438

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. The new shares rank pari passu in all aspects with the existing ordinary shares of the Company.

16 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.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from financial year beginning 1 December 2013. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES

Group	Gross RM'000	Reinsurance RM'000	Net RM'000
At 30 November 2014			
Life insurance/family takaful (Note A)	34,302,578	(76,887)	34,225,691
General insurance (Note B)	575,290	(18,076)	557,214
	34,877,868	(94,963)	34,782,905
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

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Company

At 30 November 2014

Life insurance/family takaful (Note A)	34,278,354	(76,887)	34,201,467
General insurance (Note B)	575,290	(18,076)	557,214
	34,853,644	(94,963)	34,758,681

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

	Group		Company	
	30.11.2014	**30.11.2013**	**30.11.2014**	**30.11.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current	1,246,918	1,596,620	1,246,918	1,495,975
Non current	33,630,950	31,418,423	33,606,726	31,392,774
	34,877,868	33,015,043	34,853,644	32,888,749

(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**	**Reinsurance**	**Net**
	RM'000	**RM'000**	**RM'000**
At 30 November 2014			
Claims liabilities	236,125	(19,283)	216,842
Actuarial liabilities	27,320,986	(57,604)	27,263,382
Unallocated surplus	2,609,479	-	2,609,479
Net asset value attributable to unitholders/participants	4,135,988	-	4,135,988
	34,302,578	(76,887)	34,225,691

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

Group (continued)	Gross	Reinsurance	Net
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

Company	Gross	Reinsurance	Net
At 30 November 2014			
Claims liabilities	236,125	(19,283)	216,842
Actuarial liabilities	27,320,986	(57,604)	27,263,382
Unallocated surplus	2,585,255	-	2,585,255
Net asset value attributable to unitholders	4,135,988	-	4,135,988
	34,278,354	(76,887)	34,201,467
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

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

		Gross	
	With	**without**	
Group	**DPF**	**DPF**	**Total**
	RM'000	**RM'000**	**RM'000**
At 1 December 2013	24,892,622	7,545,024	32,437,646
Business transfer to AIA PUBLIC Takaful Bhd	(123,056)	12,000	(111,056)
Policy movement	1,322,268	251,227	1,573,495
Movement in claim liabilities	(1,927)	4,779	2,852
Model refinement	97,849	(7,364)	90,485
Others	(173,914)	(107,091)	(281,005)
Adjustments due to changes in assumptions:			
Lapse and surrender rates	(29,545)	6,015	(23,530)
Discount rate	(110,470)	55,344	(55,126)
Change in asset value attributable to unitholders/participants	34,931	332,045	366,976
Change in bonus	14,905	-	14,905
Unallocated surplus	286,936	-	286,936
At 30 November 2014	26,210,599	8,091,979	34,302,578

		Reinsurance	
		With	**without**
Group	**DPF**	**DPF**	**Total**
	RM'000	**RM'000**	**RM'000**
At 1 December 2013	(16,097)	(62,373)	(78,470)
Policy movement	(1,154)	(1,442)	(2,596)
Movement in claim liabilities	745	3,434	4,179
At 30 November 2014	(16,506)	(60,381)	(76,887)

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

Group		Gross	
	With DPF RM'000	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	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		Reinsurance	
	With DPF RM'000	without DPF RM'000	Total RM'000
At 1 December 2012	(243)	(4,006)	(4,249)
Business transfer from Premium Policy Berhad	(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)

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

Company	Gross With DPF RM'000	Gross without DPF RM'000	Gross Total RM'000
At 1 December 2013	24,785,639	7,525,713	32,311,352
Policy movement	1,329,005	251,227	1,580,232
Movement in claim liabilities	(2,303)	4,779	2,476
Model refinement	97,849	(7,364)	90,485
Others	(173,914)	(107,091)	(281,005)
Adjustments due to changes in assumptions:			
Lapse and surrender rates	(29,545)	6,015	(23,530)
Discount rate	(110,470)	55,344	(55,126)
Change in asset value attributable to unitholders	-	363,356	363,356
Change in bonus	14,905	-	14,905
Unallocated surplus	275,209	-	275,209
At 30 November 2014	26,186,375	8,091,979	34,278,354

Company	Reinsurance With DPF RM'000	Reinsurance without DPF RM'000	Reinsurance Total RM'000
At 1 December 2013	(16,097)	(62,373)	(78,470)
Policy movement	(1,154)	(1,442)	(2,596)
Movement in claim liabilities	745	3,434	4,179
At 30 November 2014	(16,506)	(60,381)	(76,887)

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

		Gross	
Company (continued)	**With DPF RM'000**	**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	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

		Reinsurance	
Company	**With DPF RM'000**	**without DPF RM'000**	**Total RM'000**
At 1 December 2012	(243)	(4,006)	(4,249)
Business transfer from Premium Policy Berhad	(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)

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 30 November 2014			
Provision for claims reported by policyholders	129,443	(9,303)	120,140
Provision for incurred but not reported claims ("IBNR")	110,812	(3,301)	107,511
Claim liabilities (i)	240,255	(12,604)	227,651
Premium liabilities (ii)	335,035	(5,472)	329,563
	575,290	(18,076)	557,214
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

(i) Claim liabilities

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 December 2013	229,947	(15,450)	214,497
Claims incurred in the current accident year	307,681	(9,626)	298,055
Movement in claims incurred in prior accident years	(7,196)	(12,985)	(20,181)
Claims paid during the financial year	(280,911)	24,833	(256,078)
Others	10,440	-	10,440
Change in expense liabilities and risk margin	(19,706)	624	(19,082)
At 30 November 2014	240,255	(12,604)	227,651

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(i) Claim liabilities (continued)

Group and Company (continued)

	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	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

(ii) Premium liabilities

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 December 2013	347,450	(6,874)	340,576
Premiums written in the financial year	492,162	(36,424)	455,738
Premium earned during the financial year	(503,031)	37,949	(465,082)
Change in expense liabilities, risk margin and loss ratio	(3,076)	(123)	(3,199)
Others	1,530	-	1,530
At 30 November 2014	335,035	(5,472)	329,563

17 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(ii) Premium liabilities (continued)

Group and Company (continued)

	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	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

18 DEFERRED TAX LIABILITIES

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.

18 DEFERRED TAX LIABILITIES (CONTINUED)

	Group			Company		
	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000
Presented after appropriate offsetting as follows:						
Deferred tax liabilities	(482,981)	(454,395)	(379,539)	(482,981)	(454,405)	(374,034)

	Group		Company	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
At 1 December	(456,240)	(380,600)	(456,250)	(375,095)
Effect of adoption of MFRS119	1,845	1,061	1,845	1,061
At 1 December (restated)	(454,395)	(379,539)	(454,405)	(374,034)
Business transfer from Premium Policy Berhad	-	(184,921)	-	(184,921)
Recognised in:				
Income Statements	952	53,077	1,483	47,813
Other comprehensive income	(29,538)	56,988	(30,059)	56,737
At 30 November	(482,981)	(454,395)	(482,981)	(454,405)
Current	(9,746)	(4,427)	(9,746)	(4,433)
Non current	(473,235)	(449,968)	(473,235)	(449,972)
	(482,981)	(454,395)	(482,981)	(454,405)

18 DEFERRED TAX LIABILITIES (CONTINUED)

Group

	Unallocated surplus RM'000	Revaluation investment RM'000	Accelerated depreciation RM'000	Total RM'000
At 30 November 2014				
Deferred tax liabilities at 1 December 2013	(452,254)	(15,027)	(2,691)	(469,972)
Effect of adoption MFRS119	1,845	-	-	1,845
Deferred tax liabilities at 1 December 2013 (restated)	(450,409)	(15,027)	(2,691)	(468,127)
Recognised in:				
Income Statements	19,004	(20,234)	(1,435)	(2,665)
Other comprehensive Income	66	(29,604)	-	(29,538)
Deferred tax liabilities at 30 November 2014 (before offsetting)	(431,339)	(64,865)	(4,126)	(500,330)
Offsetting				17,349
Deferred tax liabilities at 30 November 2014 (after offsetting				(482,981)

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

18 DEFERRED TAX LIABILITIES (CONTINUED)

Group (continued)

	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)
Effect of adoption MFRS119	1,061	-	-	1,061
Deferred tax liabilities at 1 December 2012 (restated)	(235,936)	(152,805)	(1,523)	(390,264)
Business transfer from Premium Policy Berhad	(184,921)	-	-	(184,921)
Recognised in:				
Income Statements	(28,697)	79,935	(1,168)	50,070
Other comprehensive Income	(855)	57,843	-	56,988
Deferred tax liabilities at 30 November 2013 (before offsetting)	(450,409)	(15,027)	(2,691)	(468,127)
Offsetting				13,732
Deferred tax liabilities at 30 November 2013 (after offsetting				(454,395)

18 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 2014				
Deferred tax assets at 1 December 2013		602	13,130	13,732
Recognised in:				
Income Statements		714	2,903	3,617
Deferred tax assets at 30 November 2014 (before offsetting)		1,316	16,033	17,349
Offsetting				(17,349)
Deferred tax asset at 30 November 2014 (after offsetting)				-
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)				-

18 DEFERRED TAX LIABILITIES (CONTINUED)

Company

At 30 November 2014	Unallocated surplus RM'000	Revaluation investment RM'000	Accelerated depreciation RM'000	Total RM'000
Deferred tax liabilities at 1 December 2013	(452,254)	(15,037)	(2,691)	(469,982)
Effect of adoption MFRS119	1,845	-	-	1,845
Deferred tax liabilities at 1 December 2013 (restated)	(450,409)	(15,037)	(2,691)	(468,137)
Recognised in:				
Income Statements	19,004	(19,703)	(1,435)	(2,134)
Other comprehensive Income	66	(30,125)	-	(30,059)
Deferred tax liabilities at 30 November 2014 (before offsetting)	(431,339)	(64,865)	(4,126)	(500,330)
Offsetting				17,349
Deferred tax liabilities at 30 November 2014 (after offsetting)				(482,981)

18 DEFERRED TAX LIABILITIES (CONTINUED)

Company (continued)

	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)
Effect of adoption MFRS119	1,061	-	-	1,061
Deferred tax liabilities at 1 December 2013 (restated)	(235,936)	(147,300)	(1,523)	(384,759)
Business transfer from Premium Policy Berhad	(184,921)	-	-	(184,921)
Recognised in:				
Income Statements	(28,697)	74,671	(1,168)	44,806
Other comprehensive Income	(855)	57,592	-	56,737
Deferred tax liabilities at 30 November 2013 (before offsetting)	(450,409)	(15,037)	(2,691)	(468,137)
Offsetting				13,732
Deferred tax liabilities at 30 November 2013 (after offsetting)				(454,405)

	Impairment allowance RM'000	Unrealised amortisation RM'000	Total RM'000
At 30 November 2014			
Deferred tax assets at 1 December 2013	602	13,130	13,732
Recognised in:			
Income Statements	714	2,903	3,617
Deferred tax assets at 30 November 2014 (before offsetting)	1,316	16,033	17,349
Offsetting			(17,349)
Deferred tax asset at 30 November 2014 (after offsetting)			-

18 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)			-

19 INSURANCE/TAKAFUL PAYABLES

	Group		Company	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
Dividend payable to policyholders	3,243,712	2,960,462	3,243,712	2,960,462
Due to reinsurers/retakaful operators	131,032	159,887	131,032	159,010
Due to agents and insured	371,195	265,094	371,195	265,094
Premium deposits	1,046,942	967,720	1,046,942	967,720
	4,792,881	4,353,163	4,792,881	4,352,286

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

Offsetting of financial assets and financial liabilities

Certain amount due from reinsurers/retakaful operators and amount due to reinsurers/retakaful operators were set off for presentation purpose because they have enforceable right to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously are disclosed in Note 13.

20 OTHER PAYABLES

	Group			Company		
	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000
Amount due to ultimate holding company	3,770	4,890	1,004	3,770	4,890	858
Finance lease liabilities (Note 21)	3,623	8,064	-	3,623	8,064	-
Post employment benefit obligation - defined benefit plan (Note 22)	26,463	27,139	27,944	26,463	27,139	27,944
Due to ING Management Holdings (Malaysia) Sdn. Bhd. Staff Gratuity Scheme (Note 23)	-	10,885	-	-	10,885	-
Obligations on securities sold under repurchase agreements	826,145	-	329,056	826,145	-	329,056
Accruals	177,689	210,502	84,563	177,495	209,864	84,563
Other payables	355,663	237,120	158,525	338,278	201,658	60,007
	1,393,353	498,600	516,529	1,375,774	462,500	502,428

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

21 FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

At 30 November 2014

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	2,259	150	2,108
Between one to three years	1,694	179	1,515
	3,953	329	3,623

At 30 November 2013

	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

22 POST EMPLOYMENT BENEFIT OBLIGATION – DEFINED BENEFIT PLAN

		Group and Company	
	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000
Statements of Financial Position obligation for (Note 20):			
Pension benefits	21,485	23,622	23,720
Post-employment medical benefits	4,978	3,516	4,224
	26,463	27,139	27,944

	2014 RM'000	2013 RM'000
Income Statements charge for (Note 31):		
Pension benefits	(1,309)	2,502
Post-employment medical benefits	(514)	(210)
	(1,823)	2,292

22 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:

	Group and Company		
	30.11.2014	30.11.2013	1.12.2012
	RM'000	RM'000	RM'000
Present value of unfunded obligations	21,485	23,622	23,720
Liability in the Statements of Financial Position	21,485	23,622	23,720

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

	Group and Company		
	30.11.2014	30.11.2013	1.12.2012
	RM'000	RM'000	RM'000
At 1 December	21,998	20,050	18,539
Effects of adoption MRFS 119	1,624	3,670	-
At 1 December (restated)	23,622	23,720	18,539
Current service cost	586	1,049	844
Past service cost	(2,878)	510	-
Interest cost	983	944	800
Re-measurements gain	(684)	(2,440)	3,670
Benefits paid	(144)	(160)	(133)
At 30 November	21,485	23,622	23,720

The amount recognised in the Income Statements are as follows:

	2014	2013
	RM'000	RM'000
Current service cost	586	1,049
Interest cost	983	944
Recognition of past service cost	(2,878)	510
Total, included in management expenses (Note 31)	(1,309)	2,502

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

(a) Pension benefits (continued)

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

	2014 RM'000	2013 RM'000
Re-measurements gain	(684)	(2,440)
Re-measurements effect recognised in OCI	(684)	(2,440)

The principal actuarial assumptions used were as follows:

	2014	2013
Weighted-average assumptions to determine defined benefit obligations		
Discount rate	4.75%	4.50%
Future salary increases	6.50%	6.50%
Assumptions to determine defined benefit cost		
Discount rate	4.50%	4.00%
Rate of compensation increases	6.50%	6.50%

Mortality rate is based on Malaysia ordinary insured 1999-2003 (M9903) tables for males and females.

Sensitivity analysis

The defined benefit obligation as at 30 November 2014 under several scenarios is presented below.

Scenario A: 0.25% p.a. lower discount rate assumption
Scenario B: 0.25% p.a. higher discount rate assumption
Scenario C: 0.25% p.a. lower salary increase rate assumption
Scenario D: 0.25% p.a. higher salary increase rate assumption

	Scenario A	Scenario B	Scenario C	Scenario D
	-0.25% pa discount rate	+0.25% pa discount rate	-0.25% pa salary increase rate	+0.25% pa salary increase rate
Discount rate	4.50% pa	5.00% pa	4.75% pa	4.75% pa
Salary increase rate	6.50% pa	6.50% pa	6.25% pa	6.75% pa
Defined benefit obligation (RM'000)	1,102	(1,027)	(222)	227

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

(a) Pension benefits (continued)

The principal actuarial assumptions used were as follows: (continued)

Description of risks

There are a number of risks to which the Plan exposes the Employer. The more significant risks relating to the AIA Life Plan are:

- Salary growth risk ï The risk that wages or salaries (on which future benefits amounts will be based) will rise more rapidly than assumed, increasing benefit payment amounts and hereby requiring additional employer contributions.
- Turnover risk ï The risk that lesser than anticipated turnover occur, resulting in greater employees eligible for the life benefit.
- Mortality risk ï The risk that higher than anticipated deaths occur in one year for retirees, resulting in additional employer contributions.
- Legislative risk ï The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

(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.

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

		Group and Company	
	30.11.2014	30.11.2013	1.12.2012
	RM'000	RM'000	RM'000
Present value of unfunded obligations	4,978	3,516	4,224
Liability in the Statements of Financial Position	4,978	3,516	4,224

Company No.

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AIA BHD.
(Incorporated in Malaysia)

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

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

(b) Post-employment medical benefits (continued)

The movement in the defined benefit obligation is as follows:

		Group and Company	
	30.11.2014	30.11.2013	1.12.2012
	RM'000	RM'000	RM'000
At 1 December	2,802	2,429	2,011
Effects of adoption MRFS 119	714	1,796	-
At 1 December (restated)	3,516	4,225	2,011
Current service cost	90	178	178
Past service cost	(749)	(555)	1,919
Interest cost	145	167	159
Re-measurements gain	2,230	(405)	-
Benefits paid	(254)	(94)	(43)
At 30 November	4,978	3,516	4,224

The amount recognised in the Income Statements are as follows:

	30.11.2014	30.11.2013
	RM'000	RM'000
Current service cost	90	178
Interest cost	145	167
Recognition of past service cost	(749)	(555)
Total, included in staff costs (Note 31)	(514)	(210)

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

	30.11.2014	30.11.2013
	RM'000	RM'000
Re-measurements gain	2,230	(405)
Re-measurements effect recognised in OCI	2,230	(405)

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

(b) Post-employment medical benefits (continued)

The principal actuarial assumptions used were as follows:

Weighted-average assumptions to determine defined benefit obligations		
Discount rate	4.25%	4.50%
Assumptions to determine defined benefit cost		
Discount rate	4.50%	4.00%

Mortality rate is based on Malaysia ordinary insured 1999-2003 (M9903) tables for males and females.

Sensitivity analysis

The defined benefit obligation as at 30 November 2014 under several scenarios is presented below.

Scenario A: 0.25% p.a. lower medical inflation rate assumption
Scenario B: 0.25% p.a. higher medical inflation rate assumption

	Scenario A	Scenario B
	-0.25% pa medical inflation rate	+0.25% pa medical inflation rate
Discount rate	4.75% pa	4.75% pa
Medical inflation rate	-0.25% pa from the Base Case	+0.25% pa from the Base Case
Defined benefit obligation (RM'000)	(111)	117

Description of risks

There are a number of risks to which the Plan exposes the Employer. The more significant risks relating to the AIA Life Plan are:

- Salary growth risk ï The risk that wages or salaries (on which future benefits amounts will be based) will rise more rapidly than assumed, increasing benefit payment amounts and hereby requiring additional employer contributions.
- Turnover risk ï The risk that lesser than anticipated turnover occur, resulting in greater employees eligible for the life benefit.
- Mortality risk ï The risk that higher than anticipated deaths occur in one year for retirees, resulting in additional employer contributions.
- Legislative risk ï The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

Contributions expected to be paid to post-employment benefit plans subsequent to the financial year ended 30 November 2014 are RM636,000 (2013: RM690,000).

23 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.

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.

In 2013, the Boards of Directors of Orange Policy Sdn. Bhd., AIA Bhd., AIA Health Services Sdn. Bhd., and the Trustees of ING Management Holdings (Malaysia) Sdn Bhd Staff Gratuity Scheme have decided to liquidate the ING Management Holdings (Malaysia) Sdn Bhd Staff Gratuity Scheme ("Scheme") pursuant to Clause 17 of the Deed of Trust for the Scheme. The Trustees of the Scheme have approved this proposal and the dissolution of the Scheme is intended to be effective from 31 December 2013. Accordingly, the Trustee shall exercise its power to take action on necessary steps to liquidate the Scheme fund and make arrangements for the equitable disposition of the assets of the fund as per the Deed of Trust, subject to the approval of the Director-General of Inland Revenue Board of Malaysia.

The Scheme net assets available for benefits are projected to be sufficient to payout the full accrued benefits for all eligible members as at 31 December 2013. In accordance with the Staff Gratuity Scheme Trust Deed, upon dissolution of the Staff Gratuity Scheme, surplus of Scheme fund after payout of accrued benefits value for members and other liabilities shall be proportionately distributed amongst the members of the Scheme. The Defined Benefit Obligation as at 30 November 2014 reflects the Scheme's wind-up benefit determined as at 31 December 2014 plus the surplus distributable to the Scheme members based on the Scheme Assets as at 30 November 2014.

(i) Statements of financial position

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

	Group and Company		
	30.11.2014	**30.11.2013**	**1.12.2012**
	RM'000	**RM'000**	**RM'000**
Present value of funded defined benefit Obligation	54,604	66,082	-
Fair value of plan assets	(54,604)	(55,197)	-
Net liability	-	10,885	-

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

(i) Statements of financial position (continued)

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

	Group and Company		
	30.11.2014	**30.11.2013**	**1.12.2012**
	RM'000	**RM'000**	**RM'000**
At 1 December	66,082	-	-
Business transfer from Premium Policy Berhad	-	58,865	-
Current service cost	-	12,338	-
Past service cost	(9,119)	-	-
Interest cost	-	1,454	-
Re-measurements gain	-	(2,253)	-
Benefits paid	(2,359)	(4,322)	-
At 30 November	54,604	66,082	-

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

	Group and Company		
	30.11.2014	**30.11.2013**	**1.12.2012**
	RM'000	**RM'000**	**RM'000**
At 1 December	55,197	-	-
Business transfer from Premium Policy Berhad	-	58,473	-
Interest income on plan asets	1,891	1,551	-
Contribution by employer	-	551	-
Administrative expenses paid	(164)	-	-
Re-measurements gain	39	(1,056)	-
Benefits paid	(2,359)	(4,322)	-
At 30 November	54,604	55,197	-

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

	Group and Company		
	30.11.2014	**30.11.2013**	**1.12.2012**
	RM'000	**RM'000**	**RM'000**
Cash and fixed deposits	54,604	55,197	-
At 30 November	54,604	55,197	-

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

(ii) Income Statement

The amounts recognised in the Income Statement are as follows:

	2014 RM'000	2013 RM'000
Current service cost	-	12,338
Past service cost	(9,119)	-
Administrative expenses	164)	-
Net interest cost	-	(96)
Expected return of plan assets	(1,891)	-
Total, included in staff costs (Note 31)	(10,846)	12,242

(iii) Other comprehensive income

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

	2014 RM'000	2013 RM'000
Re-measurements gain	-	(2,253)
Loss on plan asset	(39)	1,056
Re-measurements effect recognised in OCI	(39)	(1,197)

(iv) Actuarial assumptions

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

	2014	2013
Discount rate	3.50	5.20
Price inflation	3.50	3.50
Salary inflation rate	n/a	6.00
Expected rate of return on plan assets	n/a	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.

24 OPERATING REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gross premiums/ contributions (Note 25)	7,200,982	5,080,133	7,177,958	4,993,724
Investment income (Note 26)	1,848,348	1,360,018	1,844,729	1,356,781
	9,049,330	6,440,151	9,022,687	6,350,505

25 NET EARNED PREMIUMS/CONTRIBUTIONS REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Gross earned premiums/ contributions				
Insurance/takaful contracts:				
Life/family Takaful	6,697,023	4,569,487	6,673,999	4,483,078
General	503,959	510,646	503,959	510,646
Gross premiums/ Contributions (Note 24)	7,200,982	5,080,133	7,177,958	4,993,724
Change in premium liabilities	12,414	17,709	12,414	17,709
	7,213,396	5,097,842	7,190,372	5,011,433
(b) Premiums/contributions ceded to reinsurers/ retakaful operators				
Insurance/takaful contracts:				
Life/family Takaful	(162,867)	(123,995)	(162,398)	(121,406)
General	(35,059)	(27,661)	(35,059)	(27,661)
Gross premiums/ contributions (ceded)	(197,926)	(151,656)	(197,457)	(149,067)
Change in premium liabilities	(1,402)	(2,034)	(1,402)	(2,034)
	(199,328)	(153,690)	(198,859)	(151,101)
Net earned premiums/ contributions revenue	7,014,068	4,944,152	6,991,513	4,860,332

26 INVESTMENT INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Rental income	6,934	3,158	6,934	3,158
Financial assets at FVTPL -				
Designated upon initial recognition:				
Interest/profit income	1,008,818	785,917	1,007,976	782,900
Dividend/distribution income:				
- equity securities quoted in Malaysia	241,730	187,903	241,548	187,390
- unit and property trusts	30,626	25,641	30,626	25,618
Amortisation of premiums - net	(36,335)	(25,062)	(36,312)	(24,966)
AFS financial assets				
Interest/profit income	348,923	235,977	346,441	234,042
Amortisation of premiums - net	(12,712)	(14,241)	(12,673)	(14,190)
Loan and receivables				
Interest/profit income	237,585	172,094	237,585	172,094
Investment in associate				
Dividend income				
- equity securities unquoted in Malaysia	-	-	-	3,500
Cash and cash equivalents				
Interest/profit income	22,406	(6,590)	22,127	(7,985)
Others	26,348	6,307	26,348	6,307
	1,874,323	1,371,104	1,870,600	1,367,868
Less:				
Investment expenses	(25,975)	(11,086)	(25,871)	(11,087)
	1,848,348	1,360,018	1,844,729	1,356,781

27 NET REALISED (LOSSES)/GAINS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment				
Realised gains	847	389	847	389
AFS financial assets				
Realised gains:				
Debt securities				
- unquoted in Malaysia	1,899	14,315	462	14,229
Realised losses:				
Debt securities				
- unquoted in Malaysia	(28,007)	(12,706)	(28,007)	(12,706)
Total realised (losses)/gains For AFS financial assets	(26,108)	1,609	(27,545)	1,523
Total net realised (losses)/gains	(25,261)	1,998	(26,698)	1,912

28 FAIR VALUE GAINS/(LOSSES)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial assets at FVTPL ï				
- designated upon initial recognition	399,821	(413,860)	399,130	(413,020)

29 OTHER OPERATING EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Foreign exchange loss:				
- realised	(2,820)	(1,846)	(2,820)	(905)
- unrealised	(1,500)	(10,364)	(1,500)	(10,364)
Allowance for impairment loss of:				
- loans	(10,313)	(26,294)	(10,313)	(26,294)
- insurance receivables	(7,935)	(6,676)	(7,935)	(6,676)
- other receivables	(7,943)	(2,087)	(7,943)	(2,087)
Written off of:				
- loan and receivables	(297)	(194)	(297)	(194)
Service Level Agreement charges & other service fees from related companies	13,141	1,984	17,060	10,055
Restructuring cost	(21,396)	(50,257)	(21,396)	(50,257)
Change in expense liability	(659)	(5,655)	-	-
Others	(5,207)	(6,379)	(5,732)	(7,063)
	(44,929)	(107,768)	(40,876)	(93,785)

30 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Gross benefits and claims paid				
Insurance/takaful contracts:				
Life/family takaful	(4,557,507)	(2,735,413)	(4,551,695)	(2,720,306)
General	(280,911)	(255,271)	(280,911)	(255,271)
	(4,838,418)	(2,990,684)	(4,832,606)	(2,975,577)

30 NET INSURANCE/TAKAFUL BENEFITS AND CLAIMS (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(b) Claims ceded to reinsurers/ retakaful operators				
Insurance/takaful contracts:				
Life/family takaful	180,064	86,297	180,064	85,086
General	24,833	12,595	24,833	12,595
	204,897	98,892	204,897	97,681
(c) Gross change to insurance/ takaful contracts liabilities				
Insurance/takaful contracts:				
Life/family takaful	(1,975,988)	(799,956)	(1,967,002)	(768,958)
General	(10,308)	9,024	(10,308)	9,024
	(1,986,296)	(790,932)	(1,977,310)	(759,934)
(d) Change in insurance/takaful contract liabilities ceded to reinsurers/retakaful operators				
Insurance/takaful contracts:				
Life/family takaful	(1,583)	(6,066)	(1,583)	(6,066)
General	(2,846)	(12,894)	(2,846)	(12,894)
	(4,429)	(18,960)	(4,429)	(18,960)

31 MANAGEMENT EXPENSES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Advertising	19,660	17,879	19,608	17,019
Auditors' remuneration				
Statutory audit				
- current year	1,260	1,266	1,125	1,076
- under-provision for prior year	75	-	75	-
Non audit services	2,222	482	1,774	432
Staff salaries & bonuses	262,478	181,114	257,712	172,487
Contribution to employees' provident fund	17,909	26,538	17,454	24,729
Pension benefits (Note 22(a))	(1,309)	2,502	(1,309)	2,502
Post-employment medical benefits (Note 22(b))	(514)	(210)	(514)	(210)
Staff gratuity cost (Note 23)	(10,846)	12,242	(10,846)	12,242
Share-based payment	13,754	8,123	13,512	7,735
Staff benefits	3,544	13,114	2,708	11,580
Travelling expenses	7,638	5,677	7,454	5,283
Office rental	21,009	11,656	21,009	11,544
Printing and stationery	7,781	8,679	7,588	8,300
Postage	18,011	13,900	17,696	13,466
Directors' remuneration and other emoluments	12,242	9,113	11,928	8,352
Depreciation				
- property, plant and equipment (Note 3)	27,460	22,735	26,904	22,242
- investment properties (Note 4)	9,951	8,851	9,951	8,851
Amortisation				
- prepaid lease land payments (Note 5)	26	22	26	22
- intangible assets (Note 6)	6,613	5,301	6,613	5,301
EDP expenses	30,997	24,355	30,898	24,130
Medical fees	3,143	3,187	3,143	3,187
Legal expenses	1,819	1,531	1,808	1,521
Repairs and maintenance	15,343	11,013	15,169	10,317
Other expenses	227,561	165,667	225,980	149,922
	697,827	554,737	687,466	522,030

31 MANAGEMENT EXPENSES (CONTINUED)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Director				
- Remuneration	4,072	4,969	4,072	4,685
- Share-based payment	7,076	2,965	7,076	2,965
- Other remuneration or emoluments	179	235	179	235
	11,327	8,169	11,327	7,885
Non-executive Directors				
- Fees	822	827	540	403
- Other remuneration or emoluments	93	117	61	64
	915	944	601	467
	12,242	9,113	11,928	8,352

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	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive director:				
RM7,000,001 – RM12,000,000	1	1	1	1
Non-executive directors:				
RM50,001 – RM100,000	-	-	-	-
RM100,001 – RM200,000	1	1	2	2
RM200,001 – RM300,000	-	-	1	1
RM300,001 – RM400,000	2	2	-	-

Total staff cost of the Group and Company (including Executive Director) is RM297,258,000 and RM290,645,000 (2013: RM239,630,000 and RM226,988,000) respectively.

The Executive Director is also the CEO of the Company.

32 TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Tax expense/(income):				
- current	253,871	249,085	253,797	248,902
- deferred	(952)	(53,077)	(1,483)	(47,813)
	252,919	196,008	252,314	201,089
Current tax				
Current year	262,998	242,478	262,924	245,015
(Under)/over provision in prior financial years	(9,127)	6,607	(9,127)	3,887
	253,871	249,085	253,797	248,902
Deferred tax				
Origination and reversal of temporary differences	(952)	(48,210)	(1,483)	(48,088)
Over provision in prior financial years	-	(4,867)	-	275
	(952)	(53,077)	(1,483)	(47,813)
	252,919	196,008	252,314	201,089

32 TAX EXPENSE (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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	1,024,766	857,427	999,081	881,975
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	256,192	214,357	249,770	220,494
Income not subject to tax	(10,078)	(11,648)	(4,261)	(11,648)
Expenses not deductible for tax purposes	25,781	25,928	25,781	22,494
Tax relief on actuarial surplus transferred to shareholder's fund	(99,926)	(41,468)	(99,926)	(41,468)
Single tier tax relief	(5,819)	(1,613)	(5,819)	(1,613)
Effect of change in tax rate	-	(20,787)	-	(20,787)
Tax impact on investment income attributable to policyholders and unitholders	95,896	29,499	95,896	29,455
(Over)/under provision of tax expense in prior financial years	(9,127)	1,740	(9,127)	4,162
Tax expense for the financial year	252,919	196,008	252,314	201,089

33 DIVIDENDS

	2014 RM'000	2013 RM'000
Dividend in respect of the financial year:		
Final single tier dividend on 241,706,000 ordinary shares	-	300,000
Final single tier dividend on 767,438,174 ordinary shares	320,000	-
Dividend rate (%), gross	41.7	124.1
Dividend per share (sen), net	41.7	124.1

Of the proposed dividend of RM320 million in respect of the financial year ending 30 November 2013, RM320 million was approved by the Bank Negara Malaysia and shareholders and paid out in the current financial year.

34 CAPITAL COMMITMENTS

	Group and Company	
	30.11.2014 RM'000	30.11.2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property and equipment	7,074	54,807
Intangible assets	11,495	2,966
Investments	101,560	97,110
	120,129	154,883
Approved but not contracted for:		
Property and equipment	5,052	32,746
Intangible assets	13,194	30,074
	18,246	62,820
	138,375	217,703

35 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 9 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	
	30.11.2014	30.11.2013
	RM'000	RM'000
Future minimum rental payments:		
Not later than 1 year	19,377	14,785
Later than 1 year and not later than 5 years	45,664	14,463
More than 5 years	25,699	-
	90,740	29,248

The lease payments recognised in the statements of comprehensive income during the financial year are disclosed in Note 31.

(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 3 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.

35 OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) The Company as lessor (continued)
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	
	30.11.2014 RM'000	30.11.2013 RM'000
Not later than 1 year	21,356	22,769
Later than 1 year and not later than 3 years	14,672	18,807
	36,028	41,576

	Company	
	30.11.2014 RM'000	30.11.2013 RM'000
Not later than 1 year	21,438	22,769
Later than 1 year and not later than 3 years	14,788	18,807
	36,226	41,576

Rental income recognised in statements of comprehensive income during the financial year are described in Note 26.

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

36 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	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
Ultimate holding company:				
AIA Group Ltd.				
- Employees benefits payable	(13,730)	(8,141)	(13,730)	(7,753)
Fellow related companies				
AIA Company Ltd.				
- Group service fee paid	(39,915)	(37,582)	(39,915)	(37,582)
- Computer services paid	(82)	(3,747)	(82)	(3,747)
- Spurs sponsorship	(1,550)	-	(1,550)	-
- Group distribution events	(513)	-	(513)	-
- Others	-	(650)	-	(650)
- Access and service fee	-	-	-	-
AIA Shared Services Hong Kong				
- Computer services paid	(7,836)	(8,799)	(7,836)	(8,799)
- Managerial, secretarial or like services	(2,313)	(1,374)	(2,313)	(1,374)
AIA Information Technology (Guangzhou) Co. Ltd.				
- Computer services paid	(2,062)	(2,263)	(2,062)	(2,263)
AIA Information Technology (Beijing) Co. Ltd.				
- Computer services paid	(2,384)	(3,557)	(2,384)	(3,557)
AIA Company (Bermuda) Ltd.				
- Reinsurance	(26,764)	(26,460)	(26,764)	(26,460)

36 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

	Group		Company	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	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	(2,365)	(2,431)	(2,365)	(2,431)
- received	884	881	884	881
- Rental received	474	358	474	358
- Insurance premiums received	540	757	540	757
- Managerial, secretarial or like services				
-paid	(968)	(599)	(968)	(599)
-received	181	36	181	36
AIA Singapore Pte. Ltd.				
- Employees benefits paid	-	(1,729)	-	(1,729)
AIA Health Services Sdn. Bhd.				
- Claims administration fees				
- paid	(32,355)	(18,874)	(32,355)	(18,874)
- Managerial, secretarial or like services received	2,126	966	2,126	966
- Rental received	907	-	907	-
- Insurance premiums received	316	-	316	-
AIA Public Takaful Bhd.				
- Managerial, secretarial or like services received	10,834	982	10,834	982
- Rental received	530	-	530	-
- Insurance premiums received	227	-	227	-

36 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

	Group		Company	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
Subsidiary companies				
Green Health Certification Sdn. Bhd. (formerly known as AIA AFG Takaful Bhd.)				
- Rental received	-	-	174	694
- Computer services received	-	-	-	114
- Managerial, secretarial or like services received	-	-	3,813	7,943
- Insurance premium received	-	-	29	149
AIA Pension & Asset Management Bhd.				
- Rental received	-	-	111	111
- Managerial, secretarial or like services received	-	-	106	128
- Insurance premium received	-	-	47	24

(b) Related party balances

	Group		Company	
	30.11.2014 RM'000	30.11.2013 RM'000	30.11.2014 RM'000	30.11.2013 RM'000
Receivables				
Other receivables	9,913	2,115	9,932	5,306
Payables				
Other payables	(11,266)	(16,287)	(11,266)	(16,287)

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

Company No.

790895	D

AIA BHD.
(Incorporated in Malaysia)

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

36 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	
	30.11.2014	30.11.2013	
		RM'000	RM'000
Short-term employee benefits		17,878	12,387
Post-employment benefits			
- Defined contribution plan		-	-
Other long-term employee benefits		1,936	946
Share-based payment		10,167	8,918
		29,981	22,251

Included in the compensation of key management personnel are:

		Group and Company	
	30.11.2014	30.11.2013	
		RM'000	RM'000
Executive Director's			
- Remuneration		4,072	4,969
- Share-based payment		7,076	2,965
- Other remuneration or emoluments		179	235
		11,327	8,169

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.

37 RISK MANAGEMENT FRAMEWORK

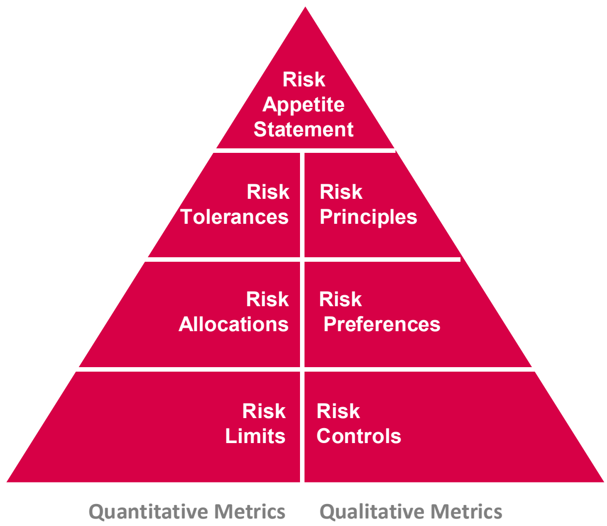
(a) Risk management framework

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) Risk Appetite

The Company's Risk Appetite is the foundation of its risk management framework. It establishes the risk boundaries within which the business will operate, sets stakeholder expectations in regard to the risks being run and assures policyholders, regulator, shareholders and employee that the institution has a comprehensive approach to risk management and is thus well placed to deal with unexpected shocks.

Risk Appetite can be presented as a pyramid, with qualitative statements supported by quantitative metrics which are applied at each level within business, as illustrated in the figure below:



37 RISK MANAGEMENT FRAMEWORK

(b) Risk Appetite (continued)

- The Risk Appetite Statement (RAS) is an overarching comment on the enterprise's attitude to risk;
- Risk Principles are qualitative statements that expand the RAS; Risk Tolerances are quantitative statements that validate the Risk Principles and thus the RAS;
- Risk Allocations are the risk tolerances for each category of risk between specific risks, products or businesses; Risk Preferences define the enterprise's attitude to specific risks; and
- Limits and Controls reflect the risk allocations and preferences in the business.

The Company has adopted the following RAS:

"The amount of risk taken by the Company in the ordinary course of its business will be sufficient to meet its customers' reasonable expectation for protection and benefits in line with the capital available while ensuring the level and volatility of shareholder returns are in line with a broadly based risk profile appropriate to a Malaysian Life insurance company."

To support the RAS, one of the risk and capital management priorities is the regulatory capital, of which the Company has adopted the following Risk Principle:

"The capital of the Company will be sufficient to maintain supervisory RBC Capital Adequacy Ratio (CAR) in all but the most extreme market conditions."

This Risk Principle is supported by a Risk Tolerance, a measurable financial benchmark that enables the Company to validate its Risk Principle in regard to regulatory capital such that assurance can be provided to the Board that the Company is operating within its Risk Appetite.

(c) 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.

37 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(c) Capital management framework (continued)

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.

A Capital Management Plan has been established which list the thresholds that act as triggers for actions to ensure maintenance of appropriate capital levels at all times as well as the corresponding corrective action that are required for different scenarios and at each specified thresholds. The thresholds set and capture important capital levels such as Operating Capital Level (“OCL”), ITCL, Internal Minimum Capital Limit (“IMCL”) 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”).

(d) 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.

37 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) 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.

38 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 (“PDC”) and Financial Risk Committee (“FRC”) 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.

38 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.

38 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

30 November 2014	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
Whole life	17,416,685	1,287,193	18,703,878	11,586	10,962	22,548	18,681,330
Endowment	5,528,754	322,498	5,851,252	219	571	790	5,850,462
Term assurance	140,873	1,647,023	1,787,896	-	31,798	31,798	1,756,098
Riders	301,100	312,844	613,944	777	1,691	2,468	611,476
Others	184,564	179,452	364,016	-	-	-	364,016
Total	23,571,976	3,749,010	27,320,986	12,582	45,022	57,604	27,263,382

38 INSURANCE/TAKAFUL RISK (CONTINUED)

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

Group (continued)

	Gross			Reinsurance			
30 November 2013	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
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

38 INSURANCE/TAKAFUL RISK (CONTINUED)

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

Company (continued)

Company

30 November 2014	Gross With DPF RM'000	Gross Without DPF RM'000	Gross Total RM'000	Reinsurance With DPF RM'000	Reinsurance without DPF RM'000	Reinsurance Total RM'000	Net RM'000
Whole life	17,416,685	1,287,193	18,703,878	11,586	10,962	22,548	18,681,330
Endowment	5,528,754	322,498	5,851,252	219	571	790	5,850,462
Term assurance	140,873	1,647,023	1,787,896	-	31,798	31,798	1,756,098
Riders	301,100	312,844	613,944	777	1,691	2,468	611,476
Others	184,564	179,452	364,016	-	-	-	364,016
Total	23,571,976	3,749,010	27,320,986	12,582	45,022	57,604	27,263,382
30 November 2013							
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

38 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.

38 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.

38 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 2014							
Mortality	+10	546,367	(242,977)	(201,821)	546,367	(242,977)	(201,821)
Expenses	+10	123,632	(42,092)	(34,962)	123,632	(42,092)	(34,962)
Lapse rates	+10	(56,323)	(51,717)	(42,957)	(56,323)	(51,717)	(42,957)
Discount rate	-0.5	324,182	(246,652)	(204,873)	324,182	(246,652)	(204,873)
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)

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.

38 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 2014			30 November 2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Claim liabilities						
Personal Accident	103,839	(11,020)	92,819	77,541	(11,915)	65,626
Medical	27,202	(668)	26,534	26,775	(647)	26,128
Motor	103,844	(233)	103,611	114,404	3,339	117,743
Fire	3,593	(207)	3,386	9,012	(5,909)	3,103
Misc & Liabilities	1,777	(476)	1,301	2,215	(318)	1,897
Total general insurance	240,255	(12,604)	227,651	229,947	(15,450)	214,497
Premium liabilities						
Personal Accident	47,073	(1,513)	45,560	66,573	(3,527)	63,046
Medical	248,927	(2,172)	246,755	239,215	(2,253)	236,962
Motor	35,554	(1,776)	33,778	38,186	(480)	37,706
Fire	3,228	15	3,243	2,794	(469)	2,325
Misc & Liabilities	253	(26)	227	682	(145)	537
Total general insurance	335,035	(5,472)	329,563	347,450	(6,874)	340,576

38 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 yearôs data of claims-related expenses against outstanding claims reserves held at the beginning of the year.

38 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.

38 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 2014					
Expected loss ratio	+10	42,555	40,979	(40,979)	(30,734)
30 November 2013					
Expected loss ratio	+10	45,734	43,941	(43,941)	(32,956)

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.

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

38 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Gross General Insurance Contract Liabilities as at 30.11.2014:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year		118,870	138,340	138,162	147,505	172,541	191,371	314,647	
One year later		175,129	188,524	189,823	194,526	222,197	277,527		
Two years later		184,778	195,241	199,252	204,895	254,221			
Three years later		187,420	196,789	201,645	223,086				
Four years later		188,897	198,566	212,633					
Five years later		191,248	210,323						
Six years later	6,270	195,525							
Current estimate of cumulative claims incurred	6,270	195,525	210,323	212,633	223,086	254,221	277,527	314,647	1,694,232
At end of accident year		(118,852)	(138,852)	(138,675)	(147,930)	(173,048)	(190,578)	(177,959)	
One year later		(175,103)	(190,181)	(191,962)	(196,043)	(223,690)	(231,073)		
Two years later		(184,747)	(197,996)	(202,267)	(207,101)	(233,289)			
Three years later		(187,388)	(199,943)	(205,112)	(210,998)				
Four years later		(188,865)	(201,892)	(206,210)					
Five years later		(191,214)	(202,940)						
Six years later		(191,508)							
Cumulative payments to-date		(191,508)	(202,940)	(206,210)	(210,998)	(233,289)	(231,073)	(177,959)	(1,453,977)
Gross general insurance contract liabilities per Statements of Financial Position	6,270	4,017	7,383	6,423	12,088	20,932	46,454	136,688	240,255

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

38 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Net General Insurance Contract Liabilities as at 30.11.2014:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year		109,648	126,935	131,724	142,157	163,744	186,108	305,590	
One year later		153,912	173,829	180,875	186,554	210,819	269,505		
Two years later		162,885	180,276	188,958	196,179	241,078			
Three years later		165,465	181,648	191,183	213,503				
Four years later		166,752	183,204	201,649					
Five years later		167,297	192,603						
Six years later	5,179	171,471							
Current estimate of cumulative claims incurred	5,179	171,471	192,603	201,649	213,503	241,078	269,505	305,590	1,600,578
At end of accident year		(109,644)	(127,353)	(132,236)	(142,638)	(164,372)	(185,582)	(173,332)	
One year later		(153,871)	(175,183)	(182,888)	(188,136)	(212,317)	(226,024)		
Two years later		(162,780)	(182,643)	(191,774)	(198,375)	(221,637)			
Three years later		(165,310)	(184,367)	(194,404)	(202,040)				
Four years later		(166,578)	(186,061)	(195,452)					
Five years later		(167,116)	(187,044)						
Six years later		(167,398)							
Cumulative payments to-date		(167,398)	(187,044)	(195,452)	(202,040)	(221,637)	(226,024)	(173,332)	(1,372,927)
Net general insurance contract liabilities per Statements of Financial Position	5,179	4,073	5,559	6,197	11,463	19,441	43,481	132,258	227,651

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

38 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Gross General Insurance Contract Liabilities as at 30.11.2013:

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		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

38 INSURANCE/TAKAFUL RISK (CONTINUED)

(ii) General insurance (continued)

Net General Insurance Contract Liabilities as at 30.11.2013:

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 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 Groupõs 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 :

Å cash and cash equivalents;

Å investments in debt securities;

Å loans and receivables (including insurance receivables); and

Å 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 (ñInvestment Guidelinesò) are approved by the Investment Committee (ñICò) and Financial Risk Committee (ñFRCò).

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 Groupõs internal credit ratings framework as approved by the AIA Group FRC (the ñAIA Credit Ratings Frameworkò).

39 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 2014			
Available-for-sale financial assets	8,369,302	-	8,369,302
Fair value through profit or loss financial assets	27,391,118	3,980,263	31,371,381
Loan and receivables	4,517,046	7,096	4,524,142
Reinsurance/retakaful assets	94,963	-	94,963
Insurance/takaful receivables	459,249	-	459,249
Cash and cash equivalents	398,331	169,211	567,542
	41,230,009	4,156,570	45,386,579
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

39 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company	Insurance and shareholders' fund RM'000	Investment linked RM'000	Total RM'000
At 30 November 2014			
Available-for-sale financial assets	8,307,340	-	8,307,340
Fair value through profit or loss financial assets	27,376,582	3,980,263	31,356,845
Loan and receivables	4,516,902	7,096	4,523,998
Reinsurance assets	94,963	-	94,963
Insurance receivables	459,249	-	459,249
Cash and cash equivalents	381,264	169,211	550,475
	41,136,300	4,156,570	45,292,870
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

39 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)	Neither past due nor impaired: Not rated	Past due: but 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 2014							
AFS financial assets							
Malaysian government securities	-	1,758,856	-	-	-	-	1,758,856
Cagamas papers	492,547	-	-	-	-	-	492,547
Unquoted equity securities	-	4,625	-	-	-	-	4,625
Corporate debt securities	3,079,354	2,838,520	-	-	-	-	5,917,874
Deposits with licensed banks	-	102,890	-	-	-	-	102,890
FVTPL financial assets							
Malaysian government securities	-	6,164,667	-	-	79,943	-	6,244,610
Cagamas papers	1,818,590	-	-	-	5,768	-	1,824,358
Equity securities	-	-	-	-	2,173,378	5,230,073	7,403,451
Real estate investment trust	-	-	-	-	146,794	405,249	552,043
Corporate debt securities	6,410,968	6,857,203	-	-	855,184	-	14,123,355
Mutual fund	-	14,535	-	-	700,219	208,208	922,962
Deposits with licensed banks	-	52,025	-	-	-	-	52,025
Malaysian government guarantee loans	-	-	-	-	8,000	-	8,000

39 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: but 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 2014 (continued)							
Loans and receivables							
Loan receivables	-	4,092,309	48,896	37,747	-	-	4,178,952
Fixed and call deposits with licensed bank	-	90,000	-	-	-	-	90,000
Other receivables	-	238,319	-	-	7,096	-	245,415
Reinsurance/retakaful assets	-	94,963	-	-	-	-	94,963
Insurance/takaful receivables	-	459,249	-	-	-	-	459,249
Cash and cash equivalents	17,067	381,264	-	-	169,211	-	567,542
Accrued interests	631	379,506	-	-	10,977	-	391,114
Allowance for impairment losses	-	(10,505)	-	(37,747)	-	-	(48,252)
	11,819,157	23,518,426	48,896	-	4,156,570	5,843,530	45,386,579

39 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 but 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

39 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 but 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

39 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Company	Neither past due nor impaired: Investment grade (AAA-A)	Neither past due nor impaired: Not rated	Past due but 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 2014							
AFS financial assets							
Malaysian government securities	-	1,753,639	-	-	-	-	1,753,639
Cagamas papers	492,547	-	-	-	-	-	492,547
Unquoted equity securities	-	4,625	-	-	-	-	4,625
Corporate debt securities	3,031,164	2,830,646	-	-	-	-	5,861,810
Deposits with licensed banks	-	102,890	-	-	-	-	102,890
FVTPL financial assets							
Malaysian government securities	-	6,164,667	-	-	79,943	-	6,244,610
Cagamas papers	1,818,590	-	-	-	5,768	-	1,824,358
Equity securities	-	-	-	-	2,173,378	5,230,073	7,403,451
Real estate investment trust	-	-	-	-	146,794	405,249	552,043
Corporate debt securities	6,410,968	6,857,203	-	-	855,184	-	14,123,355
Mutual fund	-	-	-	-	700,219	208,208	908,427
Deposits with licensed banks	-	52,025	-	-	-	-	52,025
Malaysian government guarantee loans	-	-	-	-	8,000	-	8,000

Company No.

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AIA BHD.
(Incorporated in Malaysia)

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

39 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

	Neither past due nor impaired		Past due				
Company (continued)	**Investment grade (AAA-A)**	**Not rated**	**but 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 2014 (continued)							
Loans and receivables							
Loan receivables	-	4,092,309	48,896	37,747	-	-	4,178,952
Fixed and call deposits with licensed bank	-	90,000	-	-	-	-	90,000
Other receivables	-	238,174	-	-	7,096	-	245,270
Reinsurance assets	-	94,963	-	-	-	-	94,963
Insurance receivables	-	459,249	-	-	-	-	459,249
Cash and cash equivalents	-	381,264	-	-	169,211	-	550,475
Accrued interests	-	379,456	-	-	10,977	-	390,433
Allowance for impairment losses	-	(10,505)	-	(37,747)	-	-	(48,252)
	11,753,269	23,490,605	48,896	-	4,156,570	5,843,530	45,292,870

39 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

	Neither past due nor impaired		Past due				
Company	**Investment grade (AAA-A)**	**Not rated**	**but 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

39 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** but 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	-	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

39 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 of the issuer 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 Collateral	Group and Company 30.11.2014 RM'000	30.11.2013 RM'000
Policy loans	Cash surrender value	1,518,726	1,463,317
Mortgage loans	Properties	2,062,200	1,990,396
Other secured loans	Properties	25	33
Staff loans			
- Secured loans	Motor vehicles and properties	24,786	25,698
- Unsecured loans	Nil	5,606	2,026
Unsecured loans	Nil	2,357	1,587
		3,613,700	3,483,057

39 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 2014						
Loan and receivables	-	1,015	36,312	11,569	-	48,896
At 30 November 2013						
Loan and receivables	6,459	14,397	19,323	43,508	-	83,687

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 2014 RM'000	Loan and receivables 2013 RM'000	Insurance/ takaful receivables 2014 RM'000	Insurance/ takaful receivables 2013 RM'000	Other receivables 2014 RM'000	Other receivables 2013 RM'000
At 1 December	31,543	5,249	7,264	588	3,095	1,008
Net charge for the financial year	10,313	26,294	7,935	6,676	7,943	2,087
As at 30 November	41,856	31,543	15,199	7,264	11,038	3,095

39 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.

39 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 2014								
Available-for-sale financial assets	8,369,302	520,611	1,356,580	1,255,556	9,986,118	5,965	-	13,124,830
Fair value through profit or loss financial assets	31,371,381	1,188,922	3,278,344	3,954,841	20,725,432	5,858,065	3,980,263	38,985,867
Loans and receivables	4,524,142	467,581	446,790	423,302	5,049,744	-	7,096	6,394,513
Reinsurance/retakaful assets	94,963	94,963	-	-	-	-	-	94,963
Insurance/takaful receivables	459,249	459,249	-	-	-	-	-	459,249
Cash and cash equivalents	567,542	390,100	-	-	-	8,231	169,211	567,542
Total assets	45,386,579	3,121,426	5,081,714	5,633,699	35,761,294	5,872,261	4,156,570	59,626,964
Insurance/takaful contract liabilities:								
With DPF	26,210,599	468,331	1,243,390	1,282,848	20,630,775	2,585,255	-	26,210,599
Without DPF	8,667,269	778,587	267,187	82,729	3,402,778	-	4,135,988	8,667,269
Insurance/takaful payables	4,792,881	4,792,881	-	-	-	-	-	4,792,881
Other payables	1,393,353	1,384,081	2,028	1,661	5,583	-	-	1,393,353
Total liabilities	41,064,102	7,423,880	1,512,605	1,367,238	24,039,136	2,585,255	4,135,988	41,064,102

39 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Maturity Profiles (continued)

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 (continued)								
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	24,892,622	802,704	1,136,921	1,151,973	19,465,332	2,335,692	-	24,892,622
Without DPF	8,122,421	793,917	303,825	91,174	3,160,873	-	3,772,632	8,122,421
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

39 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Maturity Profiles (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 2014								
Available-for-sale financial assets	8,307,340	520,611	1,356,580	1,248,640	9,937,037	-	-	13,062,868
Fair value through profit or loss financial assets	31,356,845	1,188,922	3,278,344	3,954,841	20,725,432	5,843,530	3,980,263	38,971,332
Loans and receivables	4,523,998	467,436	446,790	423,302	5,049,744	-	7,096	6,394,368
Reinsurance assets	94,963	94,963	-	-	-	-	-	94,963
Insurance receivables	459,249	459,249	-	-	-	-	-	459,249
Cash and cash equivalents	550,475	381,264	-	-	-	-	169,211	550,475
Total assets	45,292,870	3,112,445	5,081,714	5,626,783	35,712,213	5,843,530	4,156,570	59,533,255
Insurance contract liabilities:								
With DPF	26,186,375	468,331	1,219,166	1,282,848	20,630,775	2,585,255	-	26,186,375
Without DPF	8,667,269	778,587	267,187	82,729	3,402,778	-	4,135,988	8,667,269
Insurance payables	4,792,881	4,792,881	-	-	-	-	-	4,792,881
Other payables	1,375,774	1,366,502	2,028	1,661	5,583	-	-	1,375,774
Total liabilities	41,022,299	7,406,301	1,488,381	1,367,238	24,039,136	2,585,255	4,135,988	41,022,299

39 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (liquidity) (continued)

Maturity Profiles (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 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	24,785,639	721,369	1,136,921	1,151,973	19,465,333	2,310,043	-	24,785,639
Without DPF	8,103,110	774,607	303,825	91,174	3,160,872	-	3,772,632	8,103,110
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

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39 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.

39 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 of contract with DPF 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). 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 RM'000	Impact on insurance/ takaful contract liabilities RM'000	Impact on equity RM'000
At 30 November 2014			
+50 basis points shift in yield curves	-	(774,741)	(227,401)
- 50 basis points shift in yield curves	-	825,529	241,943
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

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 2014			
+50 basis points shift in yield curves	-	(774,741)	(227,401)
- 50 basis points shift in yield curves	-	825,529	241,943
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

39 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 2014				
Equity price	+10%	46,774	439,063	35,726
	-10%	(46,774)	(439,063)	(35,726)
At 30 November 2013				
Equity price	+10%	43,723	465,566	32,681
	-10%	(43,723)	(465,566)	(32,681)

39 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 2014				
Equity price	+10%	46,774	439,063	35,726
	-10%	(46,774)	(439,063)	(35,726)
At 30 November 2013				
Equity price	+10%	43,723	465,566	32,681
	-10%	(43,723)	(465,566)	(32,681)

(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 Groupôs 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), Great Britain Pound (ñGBPò), 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.

39 FINANCIAL RISKS (CONTINUED)

(d) Market risk (continued)

(iii) Currency risks (continued)

Group and Company

	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 2014				
AUD	10% Strenghtening	4,344	6,988	9,817
USD	10% Strenghtening	800	11,489	611
EUR	10% Strenghtening	656	1,812	501
HKD	10% Strenghtening	5,068	10,349	3,871
SGD	10% Strenghtening	1,263	2,725	965
TWD	10% Strenghtening	2,993	5,368	2,286
GBP	10% Strenghtening	-	3,362	-
At 30 November 2013				
AUD	10% Strenghtening	10,660	5,367	7,968
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

40 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 (ñSOò) Scheme, the Restricted Share Unit (ñRSUò) Scheme and Employee Stock Purchase Plan (ñESPPò).

(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 (2013: 301,100,000), representing 2.5% (2013: 2.5%) of the number of shares in issue at 30 November 2014.

Movement:

	Group		**Company**	
	30.11.2014 Number of shares	**30.11.2013 Number of shares**	**30.11.2014 Number of shares**	**30.11.2013 Number of shares**
Restricted Shares Unit				
Outstanding at beginning of financial year	3,719,973	1,355,216	3,609,628	1,244,871
Granted	1,062,301	813,144	1,062,301	813,144
Vested	(1,145,290)	(5,420)	(1,145,290)	(5,420)
Transferred in	415,090	2,180,742	415,090	2,180,742
Transferred out	(231,694)	(88,763)	(231,694)	(88,763)
Forfeited or expired	(561,672)	(534,946)	(561,672)	(534,946)
Outstanding at end of financial year	3,258,708	3,719,973	3,148,363	3,609,628

40 SHARE-BASED PAYMENT (CONTINUED)

(b) Share Option ("SO") Scheme

The objectives of the SO Scheme are to align eligible participantsô interests 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 (2013: 301,100,000), representing 2.5 per cent (2013: 2.5 per cent) of the number of shares in issue of AIAGL at 30 November 2014.

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

	2014		2013	
	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	2,420,520	28.88	124,928	27.86
Granted	407,671	37.56	-	-
Exercise	(754,859)	27.35	-	-
Transferred in	-	-	2,420,520	28.88
Forfeited or expired	-	-	(124,928)	27.86
Outstanding at end of financial year	2,073,332	31.15	2,420,520	28.88
Share options exercisable end of financial year	83,678	27.35	-	-

40 SHARE-BASED PAYMENT (CONTINUED)

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

The weighted average share price of the AIA Group at the date the share options were exercised was HK$38.80 for the year ended 30 November 2014.

The range of exercise prices for the share options outstanding as of 30 November 2014 and 30 November 2013 is summarised in the table below.

	Year ended 30 November 2014		Year ended 30 November 2013	
	Number of share options outstanding	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
Range of exercise price				
HK$26 - HK$35	1,665,661	7.22	2,420,520	7.99
HK$36 ï HK$45	407,671	9.26	-	-
Outstanding at end of financial year	2,073,332	7.62	2,420,520	7.99

(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 2014, eligible employees paid US$515,995 (2013: US$265,097) to purchase 98,905 (2013: 58,239) ordinary shares of AIAGL.

40 SHARE-BASED PAYMENT (CONTINUED)

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

			2014
Assumptions	**Share Options**	**Restricted Shares Units**	**ESPP Restricted Stock Purchase Units**
Group and Company			
Risk free interest rate	2.22%	0.54%*	0.37% - 0.94%
Volatility	25%	25%	25% - 26%
Dividend yield	1.20%	1.20%	1.2%
Option life (in years)	10	N/A	N/A
Exercise price (HK$)	37.56	N/A	N/A
Expected life (in years)	7.54	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK$)	10.40	30.51	37.43

* *Applicable to RSU with market condition.*

40 SHARE-BASED PAYMENT (CONTINUED)

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

Valuation methodology (continued)

	2013		
			ESPP
			Restricted
		Restricted	Stock
	Share	Shares	Purchase
Assumptions	**Options**	**Units**	**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.*

The weighted average share price for share option valuation is HK$ 37.56 (2013: HK$34.35).

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 2014 are RM13,754,000 (2013: RM8,123,000) and RM13,512,000 (2013: RM7,735,000) respectively.

41 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 November 2014, as prescribed under the Framework is provided below:

	Company	
	30.11.2014	**30.11.2013**
	RM'000	**RM'000**
Eligible Tier 1 Capital		
Share capital (paid up)	767,438	767,438
Share premium	683,452	683,452
Reserves, including retained earnings	12,978,236	12,949,915
	14,429,126	14,400,805
Tier 2 Capital		
Available-for-sale fair value reserves	58,963	(50,297)
	58,963	(50,297)
Amount deducted from Capital	(203,326)	(188,579)
Total Capital Available	14,284,763	14,161,929

42 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, 2014 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.

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 30 NOVEMBER 2014

AT 30 NOVEMBER 2014 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	1,888	308,643	(67)	310,464
Investment properties	-	334,180	-	334,180
Prepaid land lease payments	615	635	-	1,250
Intangible assets	829	57,669	-	58,498
Investment in associate	29,917	24,333	-	54,250
Available-for-sale financial assets	2,324,013	6,045,289	-	8,369,302
Fair value through profit or loss financial assets	14,535	31,356,846	-	31,371,381
Loans and receivables	3,279,297	4,443,168	(3,198,323)	4,524,142
Reinsurance/retakaful assets	18,076	76,887	-	94,963
Insurance/takaful receivables	127,643	331,606	-	459,249
Cash and cash equivalents	44,202	523,340	-	567,542
Total assets	5,841,015	43,502,596	(3,198,390)	46,145,221
Equity and liabilities				
Total equity	4,524,034	-	(67)	4,523,967
Insurance/takaful contract liabilities	575,290	34,302,578	-	34,877,868
Deferred tax liabilities	440,036	42,945	-	482,981
Insurance/takaful payables	30,098	4,762,783	-	4,792,881
Current tax liabilities	27,973	46,198	-	74,171
Other payables	243,584	4,348,092	(3,198,323)	1,393,353
Total liabilities	1,316,981	43,502,596	(3,198,323)	41,621,254
Total equity and liabilities	5,841,015	43,502,596	(3,198,390)	46,145,221

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2014 (CONTINUED)

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	3,980,050	-	(67)	3,979,983
Insurance/takaful contract liabilities	577,397	32,449,646	(12,000)	33,015,043
Deferred tax liabilities	437,364	17,031	-	454,395
Insurance/takaful payables	36,289	4,316,874	-	4,353,163
Current tax liabilities	19,847	39,919	-	59,766
Other payables	54,525	3,315,510	(2,871,435)	498,600
Total liabilities	1,125,422	40,138,980	(2,883,435)	38,380,967
Total equity and liabilities	5,105,472	40,138,980	(2,883,502)	42,360,950

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2014 (CONTINUED)

AT 1 DECEMBER 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	1,920,164	-	(67)	1,920,097
Insurance/takaful contract liabilities	496,035	16,501,763	(11,122)	16,986,676
Deferred tax liabilities	266,940	112,599	-	379,539
Insurance/takaful payables	7,701	2,903,180	-	2,910,881
Current tax liabilities	4,072	9,425	-	13,497
Other payables	34,306	2,200,738	(1,718,515)	516,529
Total liabilities	809,054	21,727,705	(1,729,637)	20,807,122
Total equity and liabilities	2,729,218	21,727,705	(1,729,704)	22,727,219

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 30 NOVEMBER 2014 (CONTINUED)

AT 30 NOVEMBER 2014 Company	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Assets				
Property, plant and equipment	990	308,664	-	309,654
Investment properties4	-	334,180	-	334,180
Prepaid land lease payments	615	635	-	1,250
Intangible assets	75	57,669	-	57,744
Investment in subsidiaries	143,000	-	-	143,000
Investment in associate	-	88	-	88
Available-for-sale financial assets	2,262,051	6,045,289	-	8,307,340
Fair value through profit or loss financial assets	-	31,356,845	-	31,356,845
Loans and receivables	3,279,153	4,443,168	(3,198,323)	4,523,998
Reinsurance assets	18,076	76,887	-	94,963
Insurance receivables	127,643	331,606	-	459,249
Cash and cash equivalents	27,134	523,341	-	550,475
Total assets	5,858,737	43,478,372	(3,198,323)	46,138,786
Equity and liabilities				
Total equity	4,559,173	-	-	4,559,173
Insurance contract liabilities	575,290	34,278,354	-	34,853,644
Deferred tax liabilities	440,036	42,945	-	482,981
Insurance payables	30,098	4,762,783	-	4,792,881
Current tax liabilities	28,135	46,198	-	74,333
Other payables	226,005	4,348,092	(3,198,323)	1,375,774
Total liabilities	1,299,564	43,478,372	(3,198,323)	41,579,613
Total equity and liabilities	5,858,737	43,478,372	(3,198,323)	46,138,786

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 NOVEMBER 2014 (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	4,039,967	-	-	4,039,967
Insurance contract liabilities	577,398	32,311,351	-	32,888,749
Deferred tax liabilities	437,364	17,041	-	454,405
Insurance payables	36,288	4,315,998	-	4,352,286
Current tax liabilities	20,011	39,746	-	59,757
Other payables	28,412	3,302,332	(2,868,244)	462,500
Total liabilities	1,099,473	39,986,468	(2,868,244)	38,217,697
Total equity and liabilities	5,139,440	39,986,468	(2,868,244)	42,257,664

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

**STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 30 NOVEMBER 2014 (CONTINUED)**

AT 1 DECEMBER 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	1,915,806	-	-	1,915,806
Insurance contract liabilities	496,035	16,395,348	-	16,891,383
Deferred tax liabilities	261,549	112,485	-	374,034
Insurance payables	7,701	2,902,460	-	2,910,161
Current tax liabilities	4,150	9,299	-	13,449
Other payables	23,119	2,195,289	(1,715,980)	502,428
Total liabilities	792,554	21,614,881	(1,715,980)	20,691,455
Total equity and liabilities	2,708,360	21,614,881	(1,715,980)	22,607,261

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

30 NOVEMBER 2014 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	516,373	6,697,023	-	7,213,396
Premiums/contributions ceded to reinsurers/retakaful operators	(36,461)	(162,867)	-	(199,328)
Net earned premiums/contributions revenue	479,912	6,534,156	-	7,014,068
Wakalah fee income	10,398	-	(10,398)	-
Investment income	90,520	1,757,828	-	1,848,348
Net realised losses	(2,267)	(22,994)	-	(25,261)
Fair value gains	873	398,948	-	399,821
Gain on disposal of Takaful business transferred	33,333	-	-	33,333
Other operating expenses	(13,007)	(27,650)	(4,272)	(44,929)
Total net revenue	599,762	8,640,288	(14,670)	9,225,380
Gross benefits and claims paid	(280,911)	(4,557,507)	-	(4,838,418)
Claims ceded to reinsurers/ retakaful operators	24,833	180,064	-	204,897
Gross change to insurance/ takaful contract liabilities	(10,308)	(1,975,988)	-	(1,986,296)
Change in insurance/ takaful contract liabilities ceded to reinsurers/retakaful operators	(2,846)	(1,583)	-	(4,429)
Net insurance/takaful benefits and claims	(269,232)	(6,355,014)	-	(6,624,246)

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

30 NOVEMBER 2014 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	-	(10,398)	10,398	-
Fee and commission expenses	(79,323)	(797,710)	-	(877,033)
Management expenses	(132,486)	(569,613)	4,272	(697,827)
Other expenses	(211,809)	(1,377,721)	14,670	(1,574,860)
Profit before share of loss from associate	118,721	907,553	-	1,026,274
Share of loss from associate	(3,496)	1,988	-	(1,508)
Profit before tax	115,225	909,541	-	1,024,766
Tax expense attributable to policyholders and unitholders	-	(125,249)	-	(125,249)
Profit before tax attributable to shareholders	115,225	784,292	-	899,517
Transfer from Revenue Accounts	784,292	(784,292)	-	-
Profit before tax attributable to shareholders	899,517	-	-	899,517
Tax expense attributable to shareholders	(127,670)	-	-	(127,670)
Profit for the financial year	771,847	-	-	771,847

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

30 NOVEMBER 2014 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	771,847	-	-	771,847
Other comprehensive gain:				
Item that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net gains arising during the financial year	96,994	-	-	96,994
Net realised gains transferred to Income Statement	26,108	-	-	26,108
Deferred taxation	(29,604)	-	-	(29,604)
Share of other comprehensive income from associate	80	-	-	80
Post employment benefit obligations:				
Remeasurements	(1,507)	-	-	(1,507)
Deferred taxation	66	-	-	66
Other comprehensive gain – net of of tax, for the financial year	92,137	-	-	92,137
Total comprehensive income for the financial year	863,984	-	-	863,984

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

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
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)

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (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)	(427,757)	9,265	(554,737)
Other expenses	(227,210)	(1,051,260)	49,991	(1,228,479)
Profit before share of loss from associate	103,571	750,806	-	854,377
Share of loss from associate	-	3,050	-	3,050
Profit before tax	103,571	753,856	-	857,427
Tax expense attributable to policyholders and unitholders	-	(44,647)	-	(44,647)
Profit before tax attributable to shareholders	103,571	709,209	-	812,780
Transfer from Revenue Accounts	709,209	(709,209)	-	-
Profit before tax attributable to shareholders	812,780	-	-	812,780
Tax expense attributable to shareholders	(151,361)	-	-	(151,361)
Profit for the financial year	661,419	-	-	661,419

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

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	661,419	-	-	661,419
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
Post employment benefit obligations:				
Remeasurements	4,042	-	-	4,042
Deferred taxation	(855)	-	-	(855)
Other comprehensive loss – net of of tax, for the financial year	(164,445)	-	-	(164,445)
Total comprehensive income for the financial year	496,974	-	-	496,974

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

30 NOVEMBER 2014 Company	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Gross earned premiums	516,373	6,673,999	-	7,190,372
Premiums ceded to reinsurers	(36,461)	(162,398)	-	(198,859)
Net earned premiums	479,912	6,511,601	-	6,991,513
Investment income	88,073	1,756,656	-	1,844,729
Net realised (losses)/gains	(3,704)	(22,994)	-	(26,698)
Fair value gains	-	399,130	-	399,130
Other operating expenses	(13,515)	(27,361)	-	(40,876)
Total net revenue	550,766	8,617,032	-	9,167,798
Gross benefits and claims paid	(280,911)	(4,551,695)	-	(4,832,606)
Claims ceded to reinsurers	24,833	180,064	-	204,897
Gross change to insurance contract liabilities	(10,308)	(1,967,002)	-	(1,977,310)
Change in insurance contract liabilities ceded to reinsurers	(2,846)	(1,583)	-	(4,429)
Net insurance benefits and claims	(269,232)	(6,340,216)	-	(6,609,448)
Fee and commission expenses	(74,093)	(797,710)		(871,803)
Management expenses	(117,837)	(569,629)	-	(687,466)
Other expenses	(191,930)	(1,367,339)	-	(1,559,269)
Profit before tax	89,604	909,477	-	999,081
Tax expense attributable to policyholders and unitholders	-	(125,185)	-	(125,185)
Profit before tax attributable to shareholders	89,604	784,292	-	873,896
Transfer from Revenue Accounts	784,292	(784,292)	-	-

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (CONTINUED)

30 NOVEMBER 2014 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	873,896	-	-	873,896
Tax expense attributable to shareholders	(127,129)	-	-	(127,129)
Profit for the financial year	746,767	-	-	746,767

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Profit for the financial year	746,767	-	-	746,767
Other comprehensive gain:				
Item that may be subsequently reclassified to profit or loss				
Change in available-for-sale fair value reserves:				
Net gains arising during the financial year	96,460	-	-	96,460
Net realised gains transferred to Income Statement	27,545	-	-	27,545
Deferred taxation	(30,125)	-	-	(30,125)
Post employment benefit obligations:				
Remeasurements	(1,507)	-	-	(1,507)
Deferred taxation	66	-	-	66
Other comprehensive gain - net of of tax, for the financial year	92,439	-	-	92,439
Total comprehensive income for the financial year	839,206	-	-	839,206

Company No.

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

30 NOVEMBER 2013 Company (continued)	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)	(427,749)	-	(522,030)
Other expenses	(162,933)	(1,010,522)	-	(1,173,455)
Profit before tax	128,178	753,797	-	881,975
Tax expense attributable to policyholders and unitholders	-	(44,588)	-	(44,588)
Profit before tax attributable to shareholders	128,178	709,209	-	837,387
Transfer from Revenue Accounts	709,209	(709,209)	-	-

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014 (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	837,387	-	-	837,387
Tax expense attributable to shareholders	(156,501)	-	-	(156,501)
Profit for the financial year	680,886	-	-	680,886

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Shareholders' and General Fund RM'000	**Life Fund RM'000**	**Inter-fund Elimination RM'000**	**Total RM'000**
Profit for the financial year	680,886	-	-	680,886
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
Post employment benefit obligations:				
Remeasurements	4,042	-	-	4,042
Deferred taxation	(855)	-	-	(855)
Other comprehensive loss - net of of tax, for the financial year	(164,637)	-	-	(164,637)
Total comprehensive income for the financial year	516,249	-	-	516,249

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS AS AT 30 NOVEMBER 2014

	Group			Company		
	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000	30.11.2014 RM'000	30.11.2013 RM'000	1.12.2012 RM'000
Assets						
Fair value through profit or loss financial assets	3,980,263	3,622,186	2,238,554	3,980,263	3,591,697	2,218,478
Other receivables	7,096	9,576	21,720	7,096	9,300	21,288
Current tax assets	-	-	1,139	-	-	1,173
Tax recoverable	4,371	-	-	4,371	-	-
Cash and cash equivalents	169,210	207,358	144,519	169,210	206,359	143,835
Total assets	4,160,940	3,839,120	2,405,932	4,160,940	3,807,356	2,384,774
Less: Liabilities						
Other payables	7,556	12,797	13,274	7,556	12,623	12,969
Deferred tax liabilities	17,396	12,706	11,258	17,396	12,512	11,188
Current tax liabilities	-	9,672	-	-	9,589	-
Total liabilities	24,952	35,175	24,532	24,952	34,724	24,157
Net asset value of funds	4,135,988	3,803,945	2,381,400	4,135,988	3,772,632	2,360,617

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

42 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2014

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Investment income	114,086	107,382	113,824	106,487
Realised losses	-	(1,085)	-	(807)
Fair value gains	150,726	305,189	150,532	303,817
Other operating revenue	3,320	-	3,411	-
	268,132	411,486	267,767	409,497
Management expenses	(41,808)	(32,632)	(41,808)	(32,632)
Profit before taxation	226,324	378,854	225,959	376,865
Taxation	(13,487)	(28,001)	(13,446)	(27,801)
Profit for the financial year	212,837	350,853	212,513	349,064

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

Pursuant to the order of High Court of Malaya in Kuala Lumpur dated 25 February 2014 ("the Order") confirming the scheme of transfer of the Takaful business of the AATB to AIA PUBLIC for a purchase consideration equivalent to the embedded value of the Business, to be satisfied by the issuance of new ordinary shares in the share capital of AIA PUBLIC.

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

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

	RM'000
Assets	
Fair value through profit or loss financial assets	104,115
Tax recoverable	7
Sundry debtors and other receivables	6,550
Cash and cash equivalents	34,445
Total assets	**145,117**
Liabilities	
Takaful contract liabilities	123,053
Deferred tax liability	141
Current tax liability	307
Takaful payable	1,728
Interfund payable	10,449
Sundry creditors and other liabilities	9,439
Total liabilities	**145,117**
Carrying value from net assets transferred	**0**
Fair value of purchase consideration received	**33,333**
Gain on transfer of business	**33,333**