

935955-M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015**

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FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015**

| CONTENTS | PAGE |
|---|-------------|
| Unaudited Condensed Statement of Financial Position | 1-2 |
| Unaudited Condensed Statement of Comprehensive Income | 3-5 |
| Unaudited Condensed Statement of Changes in Equity | 6 |
| Unaudited Condensed Statement of Cash Flows | 7-8 |
| Notes to the Unaudited Interim Financial Statements | 9-19 |

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2015

| | Note | 31.05.2015 | | | 30.11.2014 | | |
|---------------------------------|--------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | Shareholders' | Family | Company | Shareholders' | Family | Company |
| | | fund | Takaful | | fund | Takaful | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| ASSETS | | | | | | | |
| Property, plant and equipment | | 1,560 | - | 1,560 | 1,357 | - | 1,357 |
| Intangible assets | | 1,257 | - | 1,257 | 2,136 | - | 2,136 |
| Financial assets - AFS | 11(a). | 86,115 | 33,289 | 119,404 | 68,503 | 45,107 | 113,610 |
| Financial assets - FVTPL | 11(b). | 7,977 | 230,049 | 238,026 | - | 178,297 | 178,297 |
| Loan and receivables | 12. | 650 | 39,801 | 40,451 | - | 50,830 | 50,830 |
| Qard receivable | | 2,843 | - | - | 2,843 | - | - |
| Tax recoverable | | 268 | - | 268 | - | - | - |
| Deferred tax assets | | - | 6 | 6 | - | 41 | 41 |
| Retakaful assets | | - | 2,442 | 2,442 | - | 2,442 | 2,442 |
| Other receivables | 13. | 29,272 | 435 | 1,866 | 53,228 | 5,015 | 20,183 |
| Takaful certificate receivables | 14. | - | 34,229 | 34,229 | - | 35,086 | 35,086 |
| Cash and cash equivalents | 15. | 11,564 | 45,560 | 57,124 | 1,521 | 26,611 | 28,132 |
| Total assets | | 141,506 | 385,811 | 496,633 | 129,588 | 343,429 | 432,114 |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2015 (CONT'D)

| | Note | 31.05.2015 | | | 30.11.2014 | | |
|--|------|---------------------------------|-------------------------------------|-------------------|---------------------------------|-------------------------------------|-------------------|
| | | Shareholders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 | Shareholders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 |
| EQUITY AND LIABILITIES | | | | | | | |
| LIABILITIES | | | | | | | |
| Takaful contract liabilities | 16. | - | 333,358 | 333,358 | - | 289,941 | 289,941 |
| Takaful certificate payables | | - | 15,709 | 15,709 | - | 5,854 | 5,854 |
| Deferred tax liabilities | | - | - | - | - | - | - |
| Qard payables | | - | 2,843 | - | - | 2,843 | - |
| Current tax liabilities | | - | 451 | 451 | (68) | 433 | 365 |
| Sundry creditors and other liabilities | 17. | 75,905 | 36,605 | 84,669 | 54,945 | 47,828 | 64,713 |
| Total liabilities | | 75,905 | 388,966 | 434,187 | 54,877 | 346,899 | 360,873 |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Share capital | | 133,333 | - | 133,333 | 133,333 | - | 133,333 |
| General reserves | | (33,333) | - | (33,333) | (33,333) | - | (33,333) |
| Available for sale reserve | | 356 | (312) | 44 | (1) | (627) | (628) |
| Accumulated loss | | (34,755) | (2,843) | (37,598) | (25,288) | (2,843) | (28,131) |
| Total Shareholders' equity | | 65,601 | (3,155) | 62,446 | 74,711 | (3,470) | 71,241 |
| Total equity and liabilities | | 141,506 | 385,811 | 496,633 | 129,588 | 343,429 | 432,114 |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015**

| | 6 months ended 31.05.2015 | | | 6 months ended 31.05.2014 | | |
|---|---------------------------------|-------------------------------------|-------------------|---------------------------------|-------------------------------------|-------------------|
| | Shareholders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 | Shareholders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 |
| Gross earned contributions | - | 128,974 | 128,974 | - | 77,816 | 77,816 |
| Contributions ceded to retakaful operator | - | (3,238) | (3,238) | - | (3,018) | (3,018) |
| Net earned contributions | - | 125,736 | 125,736 | - | 74,798 | 74,798 |
| Wakalah fee income | 42,904 | - | - | 23,212 | - | - |
| Commission income | - | 0 | 0 | - | - | - |
| Investment income | 1,683 | 5,699 | 7,382 | 1,501 | 3,011 | 4,512 |
| Fair value gain | 471 | 2,130 | 2,601 | - | 660 | 660 |
| Investment profit shared from Family Takaful | - | - | - | - | - | - |
| Other operating revenue | 1,158 | - | 1,158 | 493 | - | 493 |
| Profit due from Family Takaful business transferred | - | - | - | - | - | - |
| Total income | 46,216 | 133,565 | 136,877 | 25,206 | 78,469 | 80,463 |
| Gross benefit and claims paid | - | (46,669) | (46,669) | - | (28,425) | (28,425) |
| Retakaful recoveries | - | 275 | 275 | - | 4,206 | 4,206 |
| Changes in net Takaful contract liabilities | - | (43,070) | (43,070) | - | (30,295) | (30,295) |
| Net benefits and claims | - | (89,464) | (89,464) | - | (54,514) | (54,514) |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

935955-M

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015 (CONT'D)**

| | 6 months ended 31.05.2015 | | | 6 months ended 31.05.2014 | | |
|---|---------------------------------|-------------------------------------|-------------------|---------------------------------|-------------------------------------|-------------------|
| | Shareholders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 | Shareholders' fund RM'000 | Family Takaful fund RM'000 | Company RM'000 |
| Wakalah fee expenses | - | (42,904) | - | - | (23,212) | - |
| Fee and commission expenses | (25,528) | - | (25,528) | (11,177) | - | (11,177) |
| Management expenses | (29,720) | - | (29,720) | (18,243) | - | (18,243) |
| Other operating expenses | (435) | (1,144) | (1,579) | (3,401) | (678) | (4,079) |
| Total expenses | (55,683) | (44,048) | (56,827) | (32,821) | (23,890) | (33,499) |
| (Loss)/profit before taxation | (9,467) | 53 | (9,414) | (7,615) | 65 | (7,550) |
| Tax credit attributable to participants | | (53) | (53) | | (65) | (65) |
| (Loss)/profit before taxation attributable to Shareholders | (9,467) | (0) | (9,467) | (7,615) | - | (7,615) |
| Taxation | - | (53) | (53) | - | - | - |
| Tax credit attributable to participants | | 53 | 53 | | - | - |
| Net (loss)/profit for the financial period | (9,467) | (0) | (9,467) | (7,615) | - | (7,615) |
| Basic (loss)/profit per share (sen) | - | - | (0.07) | - | - | (0.06) |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015 (CONT'D)**

| | 6 months ended 31.05.2015 | | | 6 months ended 31.05.2014 | | |
|--|---------------------------|------------|----------------|---------------------------|----------|----------------|
| | Shareholders' | Family | | Shareholders' | Family | |
| | | Takaful | Company | | Takaful | Company |
| | fund | fund | fund | fund | fund | fund |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Net profit/(loss) for the financial period | (9,467) | (0) | (9,467) | (7,615) | - | (7,615) |
| <u>Other comprehensive income for the financial period</u> | | | | | | |
| <u>Items that may be subsequently reclassified to profit or loss</u> | | | | | | |
| Fair value change on available-for-sale financial assets | | | | | | |
| - Fair value change | 357 | 315 | 672 | 2 | (9) | (7) |
| - Deferred taxation | - | - | - | - | - | - |
| - Change in Takaful contract liabilities arising from AFS fair value adjustment | - | - | - | - | 9 | 9 |
| Total other comprehensive income/(loss) for the financial period | 357 | 315 | 672 | 2 | - | 2 |
| Total comprehensive (loss)/income for the financial period | (9,110) | 315 | (8,795) | (7,613) | - | (7,613) |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

935955-M

AIA PUBLIC TAKAFUL BHD.

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015**

| | Share capital | General reserves | Available- for-sale fair value reserves | Share- based payment reserves | Accumulated loss | Total |
|--|------------------|---------------------|--|--|---------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 December 2014 | 133,333 | (33,333) | (628) | - | (28,131) | 71,241 |
| Issuance of shares during the financial period | - | - | - | - | - | - |
| Total comprehensive loss for the financial period | - | - | 672 | - | (9,467) | (8,795) |
| At 31 May 2015 | 133,333 | (33,333) | 44 | - | (37,598) | 62,446 |
| At 1 December 2013 | 100,000 | - | (287) | - | (19,768) | 79,945 |
| Issuance of shares during the financial period | 33,333 | (33,333) | - | - | - | - |
| Total comprehensive loss for the financial period | - | - | 2 | - | (7,615) | (7,613) |
| At 31 May 2014 | 133,333 | (33,333) | (285) | - | (27,383) | 72,332 |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015**

| | 6 months ended <u>31.05.2015</u> RM'000 | 6 months ended <u>31.05.2014</u> RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Loss before tax for the financial period | (9,414) | (7,550) |
| Adjustments: | | - |
| Investment income | (7,382) | (4,512) |
| Fair value gain | (2,601) | (660) |
| Net accretion of discounts on financial assets | - | - |
| Depreciation of property, plant and equipment | 380 | 300 |
| Amortisation of intangible assets | 879 | 898 |
| Changes in Takaful contract liabilities | 43,417 | 152,236 |
| | <u>25,279</u> | <u>140,712</u> |
| Changes in working capital | | |
| Increase in financial investment | 64,649 | (115,649) |
| Increase in other receivables | 18,317 | (36,752) |
| Increase in Takaful receivables | 857 | (6,337) |
| Increase/(decrease) in Takaful payable | 9,855 | 817 |
| Net change in balance with related companies | 116,113 | 9,905 |
| Increase/(decrease) in sundry creditors and other liabilities | (212,270) | 21,279 |
| | <u>22,800</u> | <u>13,975</u> |
| Income tax paid | 95 | 102 |
| Profit income received | 5,765 | 3,169 |
| Dividend received | 917 | 177 |
| Net cash inflows from operating activities | <u>29,577</u> | <u>17,423</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (585) | (318) |
| Purchase of intangible assets | - | (79) |
| Net cash outflows from investing activities | <u>(585)</u> | <u>(397)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENT | <u>28,992</u> | <u>17,026</u> |

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 MAY 2015 (CONT'D)**

| | 6 months ended <u>31.05.2015</u> RM'000 | 6 months ended <u>31.05.2014</u> RM'000 |
|---|--|--|
| Cash and cash equivalents at the beginning of the period | <u>28,132</u> | <u>4,672</u> |
| Cash and cash equivalents at the end of the period | <u><u>57,124</u></u> | <u><u>21,698</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE : | | |
| Shareholders' fund | 11,564 | 2,453 |
| Family Takaful Fund | <u>45,560</u> | <u>19,245</u> |
| | <u><u>57,124</u></u> | <u><u>21,698</u></u> |

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 November 2014 and the accompanying notes attached to the interim financial statements.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015**

1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and Islamic Financial Services Act 2013 and domiciled in Malaysia. The address of principal place of business and registered office of the Company are as follows:

Principal place of business

Level 14, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

Registered office

Level 29, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

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

2. BASIS OF PREPARATION

The unaudited interim financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting ("MFRS") 134 Interim Financial Reporting, Revised Guidelines on Financial Reporting for Takaful Operators issued by Bank Negara Malaysia ("BNM") and the Takaful Act 1984. It includes Takaful Fund established in accordance with the Takaful Act, 1984 in Malaysia which are managed and controlled by the Company as operator of the fund.

The unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 November 2014.

The unaudited interim financial statements have been prepared under the historical basis, except as disclosed in the accounting policies. The preparation of unaudited interim financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015**

3. SIGNIFICANT CHANGE IN ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 30 November 2014, except for the adoption of the following:

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

3.1.1 Financial year beginning on/after 1 December 2014

| MFRS/ Amendments/ Interpretations | Effective date |
|---|-----------------------|
| · MFRS 10 <i>Consolidated financial statements (Amendments to MFRS 10)</i> | 1 January 2014 |
| · MFRS 12 <i>Disclosure of interests in other entities</i> | 1 January 2014 |
| · MFRS 127 <i>Separate financial statements</i> | 1 January 2014 |
| · MFRS 132 <i>Financial instruments: presentation - offsetting financial assets and financial liabilities</i> | 1 January 2014 |
| · IC Interpretations 21, <i>Levies</i> | 1 January 2014 |

3.1.2 Financial year beginning on/after 1 January 2018

| | |
|--|-----------------|
| · MFRS 9 <i>Financial instruments (IFRS 9 issued by IASB in November 2009)</i> | To be announced |
| · MFRS 9 <i>Financial instruments (IFRS 9 issued by IASB in November 2010)</i> | To be announced |
| · MFRS 9 <i>Financial instruments: Hedge accounting</i> and amendments to MFRS 9, MFRS 7 and MFRS 139 | To be announced |

The adoption of the above revised standards, amendments and interpretations issued by Malaysia Accounting Standards Board ("MASB") which are effective in the current financial year do not have any significant impact to the interim financial statements of the Company.

As at the date of authorisation of these interim financial statements, the revised MFRS, amendments to MFRSs and IC interpretations but not yet effective issued by MASB in the current financial year is not expected to have any material impact on the financial statements of the Company.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015**

4. SEASONALITY OF OPERATIONS

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

5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the interim financial period ended 31 May 2015.

6. CHANGES IN ESTIMATES

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

7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

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

8. DIVIDENDS

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

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the interim reporting period that have not been reflected in the interim financial statements.

10. SIGNIFICANT EVENTS

Pursuant to the order of High Court of Malaya in Kuala Lumpur dated 25 February 2014 ("the Order") confirming the scheme of transfer of the Family takaful business of Green Health Certification Bhd. ("AATB", formerly known as AIA AFG Takaful Bhd.), AATB transferred certain assets and liabilities as a going concern to the Company on 1 March 2014, the date on which the Scheme became effective as provided in the Order.

At the date of the Statement of Financial Position, the Company was jointly owned by AIA Group (via Orange Policy Sdn. Bhd. and Green Health Certification Bhd.), Public Bank Berhad and Public Islamic Bank Berhad with an equity participation of 70%, 15% and 15% respectively for the total ordinary shares of 133,333,333.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

11. FINANCIAL ASSETS

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|--------------------------------------|----------------------------|---------------------------|----------------|----------------------------|---------------------------|----------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) AFS financial assets: | | | | | | |
| Government investment issues | 60,000 | 23,396 | 83,396 | 55,283 | 35,132 | 90,415 |
| Islamic bonds | 25,545 | 9,702 | 35,247 | 12,861 | 9,697 | 22,558 |
| Investment income due and accrued | 570 | 191 | 761 | 359 | 278 | 637 |
| | <u>86,115</u> | <u>33,289</u> | <u>119,404</u> | <u>68,503</u> | <u>45,107</u> | <u>113,610</u> |
| Current | 570 | 191 | 761 | 359 | 278 | 637 |
| Non-current | 85,545 | 33,098 | 118,643 | 68,144 | 44,829 | 112,973 |
| | <u>86,115</u> | <u>33,289</u> | <u>119,404</u> | <u>68,503</u> | <u>45,107</u> | <u>113,610</u> |

Movement in carrying values

AFS financial assets:

| | | | | | | |
|--|---------------|---------------|----------------|---------------|---------------|----------------|
| At 1 December | 68,503 | 45,107 | 113,610 | 75,764 | 49,628 | 125,392 |
| Purchase | 34,745 | 22,996 | 57,741 | 27,545 | - | 27,545 |
| Disposals at amortised cost | (17,757) | (35,185) | (52,942) | (34,848) | (4,723) | (39,571) |
| Fair value gain/(loss): | | | | | | |
| Other comprehensive income | 357 | 315 | 672 | 361 | 225 | 586 |
| Amortisation of premium - net | 56 | 143 | 199 | (411) | (92) | (503) |
| Movement of investment income due and accrued | 211 | (87) | 124 | 92 | 69 | 161 |
| At 31 May/30 November | <u>86,115</u> | <u>33,289</u> | <u>119,404</u> | <u>68,503</u> | <u>45,107</u> | <u>113,610</u> |

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

11. FINANCIAL ASSETS (CONT'D)

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|--|----------------------------|---------------------------|----------------|----------------------------|---------------------------|----------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| (b) Financial assets at FVTPL: | | | | | | |
| Government investment issues | - | 41,922 | 41,922 | - | 36,398 | 36,398 |
| Islamic bonds | 7,977 | 131,728 | 139,705 | - | 89,144 | 89,144 |
| Shariah approved unit trust | - | 2,875 | 2,875 | - | 1,535 | 1,535 |
| Shariah approved shares | - | 51,305 | 51,305 | - | 49,750 | 49,750 |
| Investment income due and accrued | - | 2,219 | 2,219 | - | 1,470 | 1,470 |
| | <u>7,977</u> | <u>230,049</u> | <u>238,026</u> | <u>-</u> | <u>178,297</u> | <u>178,297</u> |
| Current | - | 2,219 | 2,219 | - | 1,470 | 1,470 |
| Non-current | <u>7,977</u> | <u>227,830</u> | <u>235,807</u> | <u>-</u> | <u>176,827</u> | <u>176,827</u> |
| | <u>7,977</u> | <u>230,049</u> | <u>238,026</u> | <u>-</u> | <u>178,297</u> | <u>178,297</u> |
| <u>Movement in carrying values</u> | | | | | | |
| Financial assets at FVTPL: | | | | | | |
| At 1 December | - | 178,297 | 178,297 | - | 39,555 | 39,555 |
| Purchase | 7,977 | 69,016 | 76,993 | - | 61,136 | 61,136 |
| Disposals at amortised cost | - | (20,143) | (20,143) | - | (30,163) | (30,163) |
| Fair value gain/(loss): | | | | | | |
| Income statement | - | 2,130 | 2,130 | - | 2,477 | 2,477 |
| Accretion at discounts - net | - | - | - | - | (12) | (12) |
| Movement of investment income due and accrued | - | 749 | 749 | - | 1,189 | 1,189 |
| Business transferred to AIA PUBLIC Takaful Bhd. | - | - | - | - | 104,115 | 104,115 |
| At 31 May/30 November | <u>7,977</u> | <u>230,049</u> | <u>238,026</u> | <u>-</u> | <u>178,297</u> | <u>178,297</u> |

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

11. FINANCIAL ASSETS (CONT'D)

- (c) The following table shows financial investments recorded at fair value analysed by the different basis of fair values as follows:

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|--|----------------------------|---------------------------|----------------|----------------------------|---------------------------|----------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>AFS</u> | | | | | | |
| Quoted market price (Level 1) | - | - | - | - | - | - |
| Valuation techniques- market observable inputs (Level 2) | 86,115 | 33,289 | 119,404 | 68,503 | 45,107 | 113,610 |
| | <u>86,115</u> | <u>33,289</u> | <u>119,404</u> | <u>68,503</u> | <u>45,107</u> | <u>113,610</u> |
| <u>FVTPL</u> | | | | | | |
| Quoted market price (Level 1) | - | 51,305 | 51,305 | - | 49,750 | 49,750 |
| Valuation techniques- market observable inputs (Level 2) | 7,977 | 178,744 | 186,721 | - | 128,547 | 128,547 |
| | <u>7,977</u> | <u>230,049</u> | <u>238,026</u> | <u>-</u> | <u>178,297</u> | <u>178,297</u> |

Fair value hierarchy

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

Level 1:

Financial instruments measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted 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. However, 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 Company's own models where majority of assumptions are market observable.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

11. FINANCIAL ASSETS (CONT'D)

- (c) The following table shows financial investments recorded at fair value analysed by the different basis of fair values as follows: (cont'd)

Fair value hierarchy (cont'd)

Level 3:

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

12. LOAN AND RECEIVABLES

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|-----------------------------|----------------------------|---------------------------|---------------|----------------------------|---------------------------|---------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and receivables: | | | | | | |
| Islamic investment accounts | 650 | 39,800 | 40,450 | - | 50,700 | 50,700 |
| Accrued profit | - | 1 | 1 | - | 130 | 130 |
| | <u>650</u> | <u>39,801</u> | <u>40,451</u> | <u>-</u> | <u>50,830</u> | <u>50,830</u> |

13. OTHER RECEIVABLES

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|-----------------------------|----------------------------|---------------------------|--------------|----------------------------|---------------------------|---------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Amount due from Family Fund | 27,841 | - | - | 38,060 | - | - |
| Other receivables | 1,431 | 435 | 1,866 | 15,168 | 5,015 | 20,183 |
| | <u>29,272</u> | <u>435</u> | <u>1,866</u> | <u>53,228</u> | <u>5,015</u> | <u>20,183</u> |

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

14. TAKAFUL CERTIFICATES RECEIVABLES

| | <u>31.05.2015</u> | <u>30.11.2014</u> |
|------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Family Takaful fund/Company</u> | | |
| Outstanding contribution | 34,229 | 35,086 |
| Amount due from retakaful operator | - | - |
| | <u>34,229</u> | <u>35,086</u> |

15. CASH AND CASH EQUIVALENTS

| | <u>As at 31 May 2015</u> | | | <u>As at 30 November 2014</u> | | |
|------------------------|----------------------------|---------------------------|---------------|-------------------------------|---------------------------|---------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 11,564 | 45,560 | 57,124 | 1,521 | 26,611 | 28,132 |
| | <u>11,564</u> | <u>45,560</u> | <u>57,124</u> | <u>1,521</u> | <u>26,611</u> | <u>28,132</u> |

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

16. FAMILY TAKAFUL CONTRACT LIABILITIES

The Family Takaful contract liabilities are further analysed as follows:

Family Takaful fund/Company

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|---|-------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| | Gross RM'000 | Re-takaful RM'000 | Total RM'000 | Gross RM'000 | Re-takaful RM'000 | Total RM'000 |
| Participants' Risk Fund | | | | done | done | |
| Claim liabilities | 12,171 | (2,442) | 9,729 | 8,492 | (2,442) | 6,050 |
| Actuarial liabilities | 106,784 | - | 106,784 | 112,579 | - | 112,579 |
| Net asset value attributable to participants under the participants' fund | 165,180 | - | 165,180 | 135,642 | - | 135,642 |
| AFS fair value adjustment | (451) | - | (451) | (451) | - | (451) |
| Underwriting profit attributable to participants | 2,004 | - | 2,004 | 2,004 | - | 2,004 |
| Unallocated surplus | 47,670 | - | 47,670 | 31,675 | - | 31,675 |
| | <u>333,358</u> | <u>(2,442)</u> | <u>330,916</u> | <u>289,941</u> | <u>(2,442)</u> | <u>287,499</u> |

Movement of Family Takaful Contract Liabilities

| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| At 1 December | 289,941 | (2,442) | 287,499 | 106,593 | (854) | 105,739 |
| Increase in claims liabilities | 3,679 | - | 3,679 | 2,908 | (1,588) | 1,320 |
| Certificate movement | (5,795) | - | (5,795) | 10,913 | - | 10,913 |
| Increase in net asset value attributable to participants under participants' fund | 29,538 | - | 29,538 | 20,234 | - | 20,234 |
| (Decrease)/increase in AFS fair value adjustment | - | - | - | 154 | - | 154 |
| (Decrease)/increase investment profit distributable to participants | - | - | - | 1,696 | - | 1,696 |
| (Decrease)/increase in unallocated surplus | 15,995 | - | 15,995 | 24,390 | - | 24,390 |
| Business transferred to AIA PUBLIC Takaful Bhd. | - | - | - | 123,053 | - | 123,053 |
| | <u>333,358</u> | <u>(2,442)</u> | <u>330,916</u> | <u>289,941</u> | <u>(2,442)</u> | <u>287,499</u> |

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

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

17. SUNDRY CREDITORS AND OTHER LIABILITIES

| | As at 31 May 2015 | | | As at 30 November 2014 | | |
|-----------------------------------|----------------------------|---------------------------|---------------|----------------------------|---------------------------|---------------|
| | Share- holders' fund | Family Takaful fund | Company | Share- holders' fund | Family Takaful fund | Company |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Amount due to fellow subsidiaries | 56,940 | 340 | 57,280 | 22,462 | 340 | 22,802 |
| Amount due to Shareholders' Fund | - | 27,841 | - | - | 38,060 | - |
| Expense liability | 10,177 | - | 10,177 | 9,834 | - | 9,834 |
| Other payables and trade accruals | 8,788 | 8,424 | 17,212 | 22,649 | 9,428 | 32,077 |
| | <u>75,905</u> | <u>36,605</u> | <u>84,669</u> | <u>54,945</u> | <u>47,828</u> | <u>64,713</u> |

18. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 May 2015, as prescribed under the RBC Framework is provided below:

| Company | <u>31.5.2015</u> | <u>30.11.2014</u> |
|---|------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Eligible Tier 1 Capital</u> | | |
| Share capital | 133,333 | 133,333 |
| Reserves of the Company: | | |
| - Retained earnings | (37,598) | (28,131) |
| Reserves included within the insurance contract liabilities | 46,255 | 30,846 |
| | <u>141,990</u> | <u>136,048</u> |
| <u>Tier 2 Capital</u> | | |
| Amounts added to capital | (30,445) | (30,941) |
| <u>Deduction</u> | | |
| Qard Hassan | (2,843) | (2,843) |
| Total capital available | <u>108,702</u> | <u>102,264</u> |

19. COMMITMENTS AND CONTINGENCIES

There is no capital commitments and contingencies liabilities as at the end of the financial period.

AIA PUBLIC TAKAFUL BHD.
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2015 (CONT'D)**

20. INVESTMENT-LINKED TAKAFUL BUSINESS

**(a) Unaudited Statement of Financial Position
as at 31 May 2015**

| | <u>31.05.2015</u> | <u>30.11.2014</u> |
|--------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Assets | | |
| Fair value through profit or loss | | |
| financial assets | 56,184 | 45,676 |
| Receivables | 102 | 4,938 |
| Cash and cash equivalents | 2,992 | 741 |
| Total assets | <u>59,278</u> | <u>51,355</u> |
| Liabilities | | |
| Payables | 2,463 | 2,944 |
| Deferred tax liabilities | 252 | - |
| Current tax liabilities | 268 | 250 |
| Total liabilities | <u>2,983</u> | <u>3,194</u> |
| Represented by: | | |
| Net asset value funds | <u>56,295</u> | <u>48,161</u> |
| Value of units | 52,823 | 45,834 |
| Undistributed income carried forward | <u>3,472</u> | <u>2,327</u> |
| Net asset value of funds | <u>56,295</u> | <u>48,161</u> |

**(b) Unaudited Income Statement for Investment-linked Takaful Funds
for the six months period ended 31 May 2015**

| | 6 months ended 31.05.2015 | 6 months ended 30.06.2013 |
|--------------------------------------|--|--|
| | RM'000 | RM'000 |
| Investment income | 957 | 339 |
| Realised gain | 123 | 615 |
| Fair value gain | 432 | 157 |
| | <u>1,512</u> | <u>1,111</u> |
| Other expenses | (314) | (332) |
| Profit before taxation | 1,198 | 779 |
| Taxation | (53) | (65) |
| Profit after taxation | <u>1,145</u> | <u>714</u> |
| Undistributed income brought forward | 2,327 | 659 |
| Undistributed income carried forward | <u>3,472</u> | <u>1,373</u> |