

Company No.

935955	M
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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

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

Company No.

935955	M
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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

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

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2017

	Note	31.05.2017			30.11.2016		
		Shareholders' fund	Family takaful fund	Company	Shareholders' fund	Family takaful fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Property and equipment		808	-	808	895	-	895
Intangible assets		2,324	-	2,324	2,148	-	2,148
Financial Assets - available-for-sale	11(a)	91,034	9,038	100,072	54,060	10,505	64,565
Financial Assets - fair value through profit or loss	11(b)	8,062	521,465	529,527	7,939	420,063	428,002
Loan and receivables	12	4,487	50,177	54,664	3,050	66,272	69,322
Qard receivable		9,485	-	-	9,485	-	-
Other receivables	13	44,689	3,565	13,949	34,776	3,382	10,686
Retakaful assets	15	-	6,647	6,647	-	9,790	9,790
Takaful certificates receivables	14	-	29,235	29,235	-	15,799	15,799
Tax recoverable		2,864	(2,113)	751	1,747	(1,386)	361
Deferred tax assets		-	-	-	-	418	418
Cash and bank balances		14,098	83,784	97,882	17,534	68,877	86,411
Total assets		<u>177,851</u>	<u>701,798</u>	<u>835,859</u>	<u>131,634</u>	<u>593,720</u>	<u>688,397</u>
EQUITY							
Share capital		200,000	-	200,000	133,333	-	133,333
General reserves		(33,333)	-	(33,333)	(33,333)	-	(33,333)
Accumulated losses		(49,920)	(9,485)	(59,405)	(36,519)	(9,485)	(46,004)
Available-for-sale fair value reserves		92	(92)	-	(835)	(263)	(1,098)
Total equity		<u>116,839</u>	<u>(9,577)</u>	<u>107,262</u>	<u>62,646</u>	<u>(9,748)</u>	<u>52,898</u>

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2016 and the accompanying notes attached to the interim financial statements.

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2017 (CONTINUED)

	Note	31.05.2017			30.11.2016		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
LIABILITIES							
Expense liabilities		10,727	-	10,727	10,005	-	10,005
Takaful contract liabilities	15	-	634,285	634,285	-	512,903	512,903
Takaful certificates payables		-	10,655	10,655	-	9,548	9,548
Deferred tax liabilities		-	244	244	-	-	-
Qard payable		-	9,485	-	-	9,485	-
Other payables	16	50,285	56,706	72,686	58,983	71,532	103,043
Taxation		-	-	-	-	-	-
Total liabilities		<u>61,012</u>	<u>711,375</u>	<u>728,597</u>	<u>68,988</u>	<u>603,468</u>	<u>635,499</u>
Total equity and liabilities		<u>177,851</u>	<u>701,798</u>	<u>835,859</u>	<u>131,634</u>	<u>593,720</u>	<u>688,397</u>

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2016 and the accompanying notes attached to the interim financial statements.

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AIA PUBLIC TAKAFUL BHD
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 MAY 2017**

	6 months ended 31.05.2017			6 months ended 31.05.2016		
	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	-	294,875	294,875	-	213,153	213,153
Contributions ceded to retakaful	-	(3,625)	(3,625)	-	(3,482)	(3,482)
Net earned contributions	-	291,250	291,250	-	209,671	209,671
Investment income	2,210	11,471	13,681	1,394	7,666	9,060
Fees and commission income	99,886	14	14	72,745	7	7
Surplus sharing from Family Takaful funds	-	-	-	5,764	-	-
Fair value gains	122	17,470	17,592	219	1,934	2,153
Other operating income	3,370	103	3,473	1,751	-	1,751
Total revenue	105,588	320,308	326,010	81,873	219,278	222,642
Gross benefits and claims paid	-	(96,918)	(96,918)	-	(63,222)	(63,222)
Claims ceded to retakaful operator	-	3,273	3,273	-	2,129	2,129
Gross change to certificate liabilities	-	(124,562)	(124,562)	-	(78,211)	(78,211)
Net benefits and claims	-	(218,207)	(218,207)	-	(139,304)	(139,304)

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AIA PUBLIC TAKAFUL BHD
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)**

	6 months ended 31.05.2017			6 months ended 31.05.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Fees and commission expenses	(68,899)	(99,886)	(68,899)	(43,454)	(72,745)	(43,454)
Surplus attributable to Takaful operator	-	-	-	-	(5,764)	-
Management expenses	(48,011)	-	(48,011)	(38,589)	-	(38,589)
Other operating expenses	(131)	(827)	(958)	(95)	(1,592)	(1,687)
Change to expense liability	(723)	-	(723)	(1,171)	-	(1,171)
Other expenses	(117,764)	(100,713)	(118,591)	(83,309)	(80,101)	(84,901)
(Loss)/profit before taxation	(12,176)	1,388	(10,788)	(1,436)	(127)	(1,563)
Tax expense attributable to participants	-	(1,388)	(1,388)	-	127	127
Loss before taxation attributable to Shareholders	(12,176)	-	(12,176)	(1,436)	-	(1,436)
Taxation	-	(1,388)	(1,388)	-	127	127
Tax expense attributable to Participants	-	1,388	1,388	-	(127)	(127)
Tax expense attributable to Shareholders	(1,225)	-	(1,225)	(2,117)	-	(2,117)
Net loss for the period	(13,401)	-	(13,401)	(3,553)	-	(3,553)
Loss per share (sen)						
Basic and diluted	-	-	(6.70)	-	-	(2.66)

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2016 and the accompanying notes attached to the interim financial statements.

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

	6 months ended 31.05.2017			6 months ended 31.05.2016		
	Shareholders'	Family takaful	Company	Shareholders'	Family takaful	Company
	fund	fund		fund	fund	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net loss for the period	(13,401)	-	(13,401)	(3,553)	-	(3,553)
Other comprehensive income / (loss):						
<u>Items that may be subsequently reclassified to profit or loss</u>						
Fair value change of available-for-sale financial assets, net of tax	927	-	927	295	(1)	294
Change in Takaful contract liabilities arising from unrealised net fair value changes	-	171	171	-	406	406
Other comprehensive income for the period	927	171	1,098	295	405	700
Total comprehensive (loss)/income for the period	(12,474)	171	(12,303)	(3,258)	405	(2,853)

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

	Share capital RM'000	General reserves RM'000	Non- distributable available- for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 December 2016	133,333	(33,333)	(1,098)	(46,004)	52,898
Issuance of shares during the financial period	66,667	-	-	-	66,667
Total comprehensive loss for the financial period	-	-	1,098	(13,401)	(12,303)
At 31 May 2017	<u>200,000</u>	<u>(33,333)</u>	<u>-</u>	<u>(59,405)</u>	<u>107,262</u>
At 1 December 2015	133,333	(33,333)	(1,093)	(38,662)	60,245
Total comprehensive loss for the financial period	-	-	1,205	(3,553)	(2,348)
At 31 May 2016	<u>133,333</u>	<u>(33,333)</u>	<u>112</u>	<u>(42,215)</u>	<u>57,897</u>

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AIA PUBLIC TAKAFUL BHD
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2017**

	<u>31.05.2017</u> RM'000	<u>31.05.2016</u> RM'000
Cash flows from operating activities		
Loss before taxation for the financial period	(10,788)	(1,563)
Adjustments for:		
Depreciation of property and equipment	184	180
Amortisation of intangible assets	736	725
Net accretion of discounts on investments	16,234	176
Profit Income	(9,939)	(8,407)
Dividend Income	(2,243)	(851)
Fair value loss on FVTPL financial assets	17,405	1,205
Operating income/(loss) before working capital changes	<u>11,589</u>	<u>(8,535)</u>
Decrease in loan and receivables	14,658	6,960
(Increase)/decrease in other receivables	(120)	576
Increase in takaful certificates receivables	(13,436)	(2,691)
Increase in net takaful contract liabilities	121,382	75,272
Increase in takaful certificates payables	1,107	4,281
Decrease in other payables	(30,357)	(28,219)
Increase in expenses liabilities	722	1,171
Increase in financial assets	(167,684)	(53,531)
Cash used in operating activities	<u>(62,139)</u>	<u>(4,716)</u>
Income tax paid	(2,341)	(1,344)
Profit income received	8,209	5,261
Dividend received	2,084	567
Net cash used in operating activities	<u>(54,187)</u>	<u>(232)</u>
Cash flow from investing activities		
Purchase of intangible assets	(912)	(820)
Purchase of property and equipment	(97)	-
Net cash used in investing activities	<u>(1,009)</u>	<u>(820)</u>

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AIA PUBLIC TAKAFUL BHD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2017 (CONTINUED)

	<u>31.05.2017</u> RM'000	<u>31.05.2016</u> RM'000
Cash flow from financing activities		
Proceeds from issuance of share capital	66,667	-
Net cash generated from financing activities	<u>66,667</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	11,471	(1,052)
Cash and cash equivalents at the beginning of the period	<u>86,411</u>	<u>57,374</u>
Cash and cash equivalents at the end of the period	<u><u>97,882</u></u>	<u><u>56,322</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholders' fund	14,098	2,563
Family takaful fund	83,784	53,759
Company	<u><u>97,882</u></u>	<u><u>56,322</u></u>

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AIA PUBLIC TAKAFUL BHD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2017

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

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

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

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

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 30 November 2016:

3.1 Financial year beginning on/after 1 December 2017

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

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

The amendments shall be applied retrospectively.

3.2 Financial year beginning on/after 1 December 2018

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

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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

MFRS 9 introduces an expected credit losses model on impairment for certain financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

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

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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 2016:

3.2 Financial year beginning on/after 1 December 2018 (continued)

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few. As with any new standard, there are also increased disclosures.

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

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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 2016:

3.3 Financial year beginning on/after 1 December 2019

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

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

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

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

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

As at the date of authorization of these condensed 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.

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

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 2017.

6 CHANGES IN ESTIMATES

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

7 ISSUANCE FOR REPAYMENT OF DEBT AND EQUITY SECURITIES

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

10 SIGNIFICANT EVENTS

On 21st December 2016, the Company underwent a capital injection exercise by its existing shareholders based on current shareholding structure with the aim of strengthening the Company's capital position. 66,666,667 ordinary shares at par value of RM1.00 each were issued and paid-up for cash consideration.

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

11 FINANCIAL ASSETS

(a) AFS

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>As at 31 May 2017</u>			
Financial assets - available-for-sale (AFS):			
Government investment issues	38,925	2,445	41,370
Unquoted corporate sukuku	50,938	6,500	57,438
Accrued profit	1,171	93	1,264
	<u>91,034</u>	<u>9,038</u>	<u>100,072</u>
<u>As at 30 November 2016</u>			
Financial assets - available-for-sale (AFS):			
Government investment issues	23,089	2,360	25,449
Unquoted corporate sukuku	30,269	8,042	38,311
Accrued profit	702	103	805
	<u>54,060</u>	<u>10,505</u>	<u>64,565</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(a) AFS (continued)

Movement in carrying values

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
At 1 December 2015	53,560	32,973	86,533
Purchases	15,639	-	15,639
Disposals at amortised cost	(15,630)	(22,005)	(37,635)
Fair value gains/(losses) recorded in:			
Other comprehensive income	330	(325)	5
Amortisation of premiums – net	(56)	(52)	(108)
Movement of investment income due and accrued	217	(86)	131
	<u>54,060</u>	<u>10,505</u>	<u>64,565</u>
At 30 November 2016/ 1 December 2016	54,060	10,505	64,565
Purchases	35,641	-	35,641
Disposals at amortised cost	-	(1,618)	(1,618)
Fair value gains recorded in:			
Other comprehensive income	927	171	1,098
Amortisation of premiums – net	(63)	(10)	(73)
Movement of investment income due and accrued	469	(10)	459
	<u>91,034</u>	<u>9,038</u>	<u>100,072</u>
At 31 May 2017	<u>91,034</u>	<u>9,038</u>	<u>100,072</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(a) FVTPL

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>As at 31 May 2017</u>			
Financial assets at FVTPL:			
Government investment issues	-	71,460	71,460
Unquoted corporate sukuks	-	276,964	276,964
Shariah approved shares	8,062	159,935	167,997
Shariah approved unit trusts	-	8,271	8,271
Accrued profit	-	4,835	4,835
	<u>8,062</u>	<u>521,465</u>	<u>529,527</u>
<u>As at 30 November 2016</u>			
Financial assets at FVTPL:			
Government investment issues	-	50,271	50,271
Unquoted corporate sukuks	-	262,536	262,536
Shariah approved shares	7,939	96,044	103,983
Shariah approved unit trusts	-	6,755	6,755
Accrued profit	-	4,457	4,457
	<u>7,939</u>	<u>420,063</u>	<u>428,002</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(b) FVTPL (continued)

Movement in carrying values

	<u>Shareholders'</u> <u>fund</u> RM'000	<u>Family</u> <u>Takaful</u> <u>fund</u> RM'000	<u>Company</u> RM'000
<u>FVTPL</u>			
At 1 December 2015	7,873	283,070	290,943
Purchases	-	246,452	246,452
Disposals at amortised cost	-	(67,399)	(67,399)
Fair value gains/(losses) recorded in:			
Profit or loss	66	(43,582)	(43,516)
Accretion at discounts – net	-	(215)	(215)
Movement of investment income due and accrued	-	1,737	1,737
	<u>7,939</u>	<u>420,063</u>	<u>428,002</u>
At 30 November 2016/ 1 December 2016	7,939	420,063	428,002
Purchases	-	102,730	102,730
Disposals at amortised cost	-	(17,745)	(17,745)
Fair value gains recorded in:			
Profit or loss	123	16,184	16,307
Accretion at discounts – net	-	(145)	(145)
Movement of investment income due and accrued	-	378	378
	<u>8,062</u>	<u>521,465</u>	<u>529,527</u>
At 31 May 2017	<u>8,062</u>	<u>521,465</u>	<u>529,527</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy

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

	<u>31.05.2017</u> RM'000	<u>30.11.2016</u> RM'000
AFS		
<u>SHF</u>		
Valuation techniques – market observable inputs (Level 2)	91,034	54,060
<u>Family Takaful fund</u>		
Valuation techniques – market observable inputs (Level 2)	9,038	10,505
<u>Company</u>		
Valuation techniques – market observable inputs (Level 2)	100,072	64,565
FVTPL		
<u>SHF</u>		
Valuation techniques – market observable inputs (Level 2)	8,062	7,939
<u>Family Takaful fund</u>		
Quoted market price (Level 1)	155,421	102,819
Valuation techniques – market observable inputs (Level 2)	366,044	317,244
	<u>521,465</u>	<u>420,063</u>
<u>Company</u>		
Quoted market price (Level 1)	155,421	102,819
Valuation techniques – market observable inputs (Level 2)	374,106	325,183
	<u>529,527</u>	<u>428,002</u>

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11 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

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

Level 1:

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

Level 2:

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

Level 3:

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

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11 FINANCIAL ASSETS (CONTINUED)

(d) Interests in structured entities

The Company has determined that the investment funds, such as mutual funds that the Company has interest are structured entities.

The following table summarises the Company's interest in unconsolidated structured entities as at 31 May 2017:

	Investment Funds(1) RM'000
Equity securities at fair value through profit or loss	8,271
Total	<u>8,271</u>

Notes:

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

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

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

12 LOAN AND RECEIVABLES

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>As at 31 May 2017</u>			
Loans and receivables:			
Islamic investment accounts	4,460	49,850	54,310
Accrued profit	27	327	354
	<u>4,487</u>	<u>50,177</u>	<u>54,664</u>
<u>As at 30 November 2016</u>			
Loans and receivables:			
Islamic investment accounts	3,020	65,940	68,960
Accrued profit	30	332	362
	<u>3,050</u>	<u>66,272</u>	<u>69,322</u>

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

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>As at 31 May 2017</u>			
Loans and receivables:			
Islamic investment accounts	3.56	3.52	3.53
	<u>3.56</u>	<u>3.52</u>	<u>3.53</u>
<u>As at 30 November 2016</u>			
Loans and receivables:			
Islamic investment accounts	3.50	3.50	3.50
	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>

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

13 OTHER RECEIVABLES

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

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>As at 31 May 2017</u>			
Due from Family Takaful fund (Note 16)	34,305	-	-
Due from fellow subsidiaries	221	-	221
Other receivables and deposits	10,163	3,565	13,728
	<u>44,689</u>	<u>3,565</u>	<u>13,949</u>
<u>As at 30 November 2016</u>			
Due from Family Takaful fund (Note 16)	27,472	-	-
Due from fellow subsidiaries	219	-	219
Other receivables and deposits	7,085	3,382	10,467
	<u>34,776</u>	<u>3,382</u>	<u>10,686</u>

14 TAKAFUL CERTIFICATES RECEIVABLES

	<u>31.05.2017</u> <u>RM'000</u>	<u>30.11.2016</u> <u>RM'000</u>
<u>Family Takaful fund/Company</u>		
Outstanding contribution	29,235	15,799
Amount due from retakaful operator	-	-
Net amount of financial assets presented in the statement of financial position	<u>29,235</u>	<u>15,799</u>

There are no financial liabilities subjected to an enforceable master netting arrangement or similar agreement, financial instrument received as collateral, nor any cash collateral pledged or received as at 31 May 2017 (2016 : Nil).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
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15 TAKAFUL CONTRACT LIABILITIES

Family Takaful fund/Company

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
<u>As at 31 May 2017</u>			
Participants' Risk Fund			
Claims liabilities	28,374	(5,706)	22,668
Actuarial liabilities	121,125	(941)	120,184
Net asset value attributable to certificate holders	409,883	-	409,883
AFS fair value adjustment	(92)	-	(92)
Underwriting profit attributable to participants	-	-	-
Unallocated surplus	74,995	-	74,995
	<u>634,285</u>	<u>(6,647)</u>	<u>627,638</u>
<u>As at 30 November 2016</u>			
Participants' Risk Fund			
Claims liabilities	25,170	(8,780)	16,390
Actuarial liabilities	113,358	(1,010)	112,348
Net asset value attributable to certificate holders	324,783	-	324,783
AFS fair value adjustment	(263)	-	(263)
Underwriting profit attributable to participants	10,000	-	10,000
Unallocated surplus	39,855	-	39,855
	<u>512,903</u>	<u>(9,790)</u>	<u>503,113</u>

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

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

As at 31 May 2017

<u>Family Takaful fund/Company</u>	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
Movement of Takaful contract liabilities:			
At 1 December 2016	512,903	(9,790)	503,113
Increase in claims liabilities	3,204	3,074	6,278
Policy movement	7,767	69	7,836
Increase in net asset value			
attributable to certificate holders	85,100	-	85,100
Decrease in AFS fair value adjustment	171	-	171
Decrease in underwriting profit			
distributable to participants	(10,000)	-	(10,000)
Unallocated surplus	35,140	-	35,140
	<u> </u>	<u> </u>	<u> </u>
At 31 May 2017	<u>634,285</u>	<u>(6,647)</u>	<u>627,638</u>

As at 30 November 2016

<u>Family Takaful fund/Company</u>	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
Movement of Takaful contract liabilities:			
At 1 December 2015	373,331	(10,364)	362,967
Increase/(decrease) in claims liabilities	6,456	(4,342)	2,114
Policy movement	2,740	4,916	7,656
Increase in net asset value			
attributable to certificate holders	127,227	-	127,227
Decrease in AFS fair value adjustment	326	-	326
Increase in underwriting profit			
distributable to participants	3,592	-	3,592
Unallocated surplus	(769)	-	(769)
	<u> </u>	<u> </u>	<u> </u>
At 30 November 2016	<u>512,903</u>	<u>(9,790)</u>	<u>503,113</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
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16 OTHER PAYABLES

	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000
<u>As at 31 May 2017</u>			
Sundry payables	11,526	12,059	23,585
Accruals and provisions	10,240	2,279	12,519
Due to shareholders' fund (Note 13)	-	34,305	-
Due to fellow subsidiary	28,519	8,063	36,582
	<u>50,285</u>	<u>56,706</u>	<u>72,686</u>
<u>As at 30 November 2016</u>			
Sundry payables	10,473	24,525	34,998
Accruals and provisions	13,150	19,282	32,432
Due to shareholders' fund (Note 13)	-	27,472	-
Due to fellow subsidiary	35,360	253	35,613
	<u>58,983</u>	<u>71,532</u>	<u>103,043</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
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17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 May 2017, as prescribed under RBC Framework:

Company	<u>31.05.2017</u> RM'000	<u>30.11.2016</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	200,000	133,333
Retained accumulated losses	(49,920)	(36,519)
Valuation surplus maintained in the Takaful funds	47,554	34,220
	<u>197,634</u>	<u>131,034</u>
<u>Tier 2 Capital</u>		
General reserves	(33,333)	(33,333)
Available for sale reserves	-	(1,098)
Qard Hassan	9,485	9,485
	<u>(23,848)</u>	<u>(24,946)</u>
Total capital available	<u>11,808</u>	<u>11,632</u>
Amount deducted from Capital	11,808	11,632
Total Capital Available	<u>165,002</u>	<u>94,456</u>

18 CAPITAL COMMITMENTS

The capital commitments of the Company as at 31 May 2017 are as follows:

	<u>31.05.2017</u> RM'000	<u>30.11.2016</u> RM'000
Capital expenditure:		
Approved and contracted for:		
Intangible assets	<u>108</u>	<u>193</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
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19 INVESTMENT-LINKED TAKAFUL BUSINESS

(a) Unaudited Condensed Statement of Financial Position as at 31 May 2017

	<u>31.05.2017</u> RM'000	<u>30.11.2016</u> RM'000
Assets		
Fair value through profit or loss financial assets	145,849	96,706
Receivables	3,386	11
Deferred tax assets	-	160
Cash and cash equivalents	7,849	14,019
Total assets	<u>157,084</u>	<u>110,896</u>
Liabilities		
Takaful certificates payable	832	832
Payables	653	1,299
Deferred tax liabilities	502	-
Current tax liabilities	421	321
Total liabilities	<u>2,408</u>	<u>2,452</u>
Represented by:		
Net assets value funds	<u>154,676</u>	<u>108,444</u>
Value of units	142,972	106,798
Undistributed income carried forward	11,704	1,646
Net asset value of funds	<u>154,676</u>	<u>108,444</u>

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19 INVESTMENT-LINKED TAKAFUL BUSINESS (CONTINUED)

(b) Unaudited Condensed Statement of Comprehensive Income for Investment-linked Takaful Funds for the half-year ended 31 May 2017

	<u>31.05.2017</u> RM'000	<u>31.05.2016</u> RM'000
Investment income	2,135	1,126
Net fair value gain/(loss)	9,512	(1,757)
	<u>11,647</u>	<u>(631)</u>
Other expenses	(828)	(442)
	<u>10,819</u>	<u>(1,073)</u>
Profit/(loss) before taxation	10,819	(1,073)
Taxation	(761)	127
	<u>10,058</u>	<u>(946)</u>
Profit/(loss) after taxation	10,058	(946)
Undistributed income brought forward	1,646	3,010
	<u>11,704</u>	<u>2,064</u>
Undistributed income carried forward	<u>11,704</u>	<u>2,064</u>