

Company No.

790895	D
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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

Company No.

790895

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AIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

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**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
Property, plant and equipment		444,311	434,777	443,289	434,418
Investment properties		363,720	363,220	363,720	363,220
Prepaid land lease payments		-	1,146	-	1,146
Intangible assets		102,231	98,017	99,378	94,319
Right-of-use assets		114,614	-	114,614	-
Investment in subsidiaries		-	-	253,000	253,000
Investment in associates		86,308	83,558	88	88
Available-for-sale financial assets	11	8,882,672	8,766,691	8,484,654	8,416,978
Fair value through profit or loss financial assets	12	37,707,583	35,393,740	37,697,218	35,388,499
Loans and receivables		4,833,400	4,833,091	4,762,151	4,756,315
Reinsurance assets	13	363,530	283,010	347,218	268,015
Insurance receivables	14	363,456	332,442	319,163	291,033
Deferred tax assets		-	7,078	-	-
Current tax assets		234,316	112,714	230,871	110,654
Cash and cash equivalents		1,647,455	872,332	1,615,318	839,783
Total assets		55,143,596	51,581,816	54,730,682	51,217,468
Equity and liabilities					
Share capital		1,450,890	1,450,890	1,450,890	1,450,890
Retained earnings		3,326,702	3,261,029	3,303,587	3,266,919
Asset revaluation reserve		30,853	28,618	30,853	28,618
Available-for-sale fair value reserve		375,404	41,642	366,973	40,244
Total equity		5,183,849	4,782,179	5,152,303	4,786,671
Insurance contract liabilities	16	41,645,929	38,958,804	41,303,239	38,627,221
Deferred tax liabilities		753,054	485,362	751,186	485,362
Insurance payables	17	6,602,008	6,406,975	6,591,016	6,396,914
Other payables		843,246	948,496	817,428	921,300
Lease liabilities		115,510	-	115,510	-
Total liabilities		49,959,747	46,799,637	49,578,379	46,430,797
Total equity and liabilities		55,143,596	51,581,816	54,730,682	51,217,468

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

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**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>6 months period ended 30.06.2019 RM'000</u>	<u>6 months period ended 30.06.2018 RM'000</u>	<u>6 months period ended 30.06.2019 RM'000</u>	<u>6 months period ended 30.06.2018 RM'000</u>
<u>Continuing operations</u>					
Gross earned premiums	18(a)	4,816,818	4,548,314	4,662,473	4,405,477
Premiums ceded to reinsurers	18(b)	(533,374)	(555,675)	(523,685)	(544,582)
Net earned premiums	18	4,283,444	3,992,639	4,138,788	3,860,895
Investment income		1,109,000	1,103,859	1,098,949	1,096,853
Net realised gains		4,518	4,839	4,426	3,642
Fair value gains/(losses)		1,663,610	(1,177,375)	1,663,486	(1,177,338)
Other operating income		15,705	35,496	28,431	29,583
Total net revenue		<u>7,076,277</u>	<u>3,959,458</u>	<u>6,934,080</u>	<u>3,813,635</u>
Gross benefits and claims paid	19(a)	(3,629,999)	(3,389,093)	(3,586,622)	(3,343,445)
Claims ceded to reinsurers	19(b)	332,300	360,064	327,771	356,481
Gross change to insurance contract liabilities	19(c)	(2,679,013)	375,276	(2,667,964)	384,941
Change in insurance contract liabilities ceded to reinsurers	19(d)	80,582	39,030	79,203	41,352
Net insurance benefits and claims		<u>(5,896,130)</u>	<u>(2,614,723)</u>	<u>(5,847,612)</u>	<u>(2,560,671)</u>
Fee and commission expenses		(480,769)	(434,638)	(441,565)	(399,394)
Management expenses		(424,920)	(435,127)	(405,250)	(393,930)
Other expenses		<u>(905,689)</u>	<u>(869,765)</u>	<u>(846,815)</u>	<u>(793,324)</u>

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**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>6 months period ended 30.06.2019 RM'000</u>	<u>6 months period ended 30.06.2018 RM'000</u>	<u>6 months period ended 30.06.2019 RM'000</u>	<u>6 months period ended 30.06.2018 RM'000</u>
Profit before share of profit from associate		274,458	474,970	239,653	459,640
Share of profit/(loss) from associate		1,363	(183)	-	-
Profit before tax		275,821	474,787	239,653	459,640
Tax expense attributable to policyholders and unitholders		(176,301)	49,202	(176,301)	49,202
Profit before tax attributable to shareholders from continuing operations		99,520	523,989	63,352	508,842
Tax expense		(210,148)	(50,278)	(202,985)	(45,655)
Tax expense attributable to policyholders and unitholders		176,301	(49,202)	176,301	(49,202)
Tax expense attributable to shareholders		(33,847)	(99,480)	(26,684)	(94,857)
Profit after tax for the period from continuing operations		65,673	424,509	36,668	413,985
<u>Discontinued operations</u>					
Profit after tax for the period from discontinued operations	22	-	-	-	10,267
Profit after tax for the period		65,673	424,509	36,668	424,252
Basic earnings per share (sen)					
Continuing operations		8.56	55.3	4.78	55.3
		8.56	55.3	4.78	55.3

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

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**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

	<u>Group</u>		<u>Company</u>	
	<u>6 months period ended 30.06.2019 RM'000</u>	<u>6 months period ended 30.06.2018 RM'000</u>	<u>6 months period ended 30.06.2019 RM'000</u>	<u>6 months period ended 30.06.2018 RM'000</u>
Profit after tax for the period	65,673	424,509	36,668	424,252
Other comprehensive income/(loss):				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains/(losses) arising during the period	440,120	(63,157)	432,600	(61,702)
Net realised gains transferred to income statements	(4,503)	(6,450)	(4,412)	(5,254)
Deferred taxation	(103,242)	15,991	(101,459)	15,869
	332,375	(53,616)	326,729	(51,087)
Share of other comprehensive income/(loss) from associate	1,387	(100)	-	-
Continuing operations	333,762	(53,716)	326,729	(51,087)
Discontinued operations (Note 22)	-	-	-	(1,263)
Change in available-for-sale fair value reserve	333,762	(53,716)	326,729	(52,350)
Total other comprehensive income/(loss) - net of tax, for the period	<u>333,762</u>	<u>(53,716)</u>	<u>326,729</u>	<u>(52,350)</u>
<u>Comprising:</u>				
Continuing operations	333,762	(53,716)	326,729	(51,087)
Discontinued operations	-	-	-	(1,263)
	<u>333,762</u>	<u>(53,716)</u>	<u>326,729</u>	<u>(52,350)</u>
Total comprehensive income for the financial period	<u>399,435</u>	<u>370,793</u>	<u>363,397</u>	<u>371,902</u>
<u>Comprising:</u>				
Continuing operations	399,435	370,793	363,397	362,898
Discontinued operations	-	-	-	9,004
	<u>399,435</u>	<u>370,793</u>	<u>363,397</u>	<u>371,902</u>

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

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

Group

	Share capital RM'000	Available-for- sale fair value reserve RM'000	Asset revaluation reserve RM'000	Share- based reserves RM'000	Retained earnings* RM'000	Total RM'000
At 1 January 2019				-		
- As previously reported	1,450,890	41,642	28,618	-	3,261,029	4,782,179
- Opening adjustment on adoption of MFRS 16 (Note 3.1)	-	-	2,235	-	-	2,235
- As adjusted	1,450,890	41,642	30,853	-	3,261,029	4,784,414
Profit after tax for the period	-	-	-	-	65,673	65,673
Other comprehensive income for the period	-	333,762	-	-	-	333,762
Total comprehensive income for the period	-	333,762	-	-	65,673	399,435
Share based compensation:						
- value of employee services	-	-	-	5,352	-	5,352
- repayment to ultimate parent company	-	-	-	(5,352)	-	(5,352)
At 30 June 2019	1,450,890	375,404	30,853	-	3,326,702	5,183,849

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

<u>Group</u>	<u>Share capital</u> RM'000	<u>Available-for-sale fair value reserve</u> RM'000	<u>Asset revaluation reserve</u> RM'000	<u>Share-based reserves</u> RM'000	<u>Retained earnings*</u> RM'000	<u>Total</u> RM'000
At 1 January 2018	1,450,890	11,872	29,739	-	3,328,111	4,820,612
Profit after tax for the period	-	-	-	-	424,509	424,509
Other comprehensive loss for the period	-	(53,716)	-	-	-	(53,716)
Total comprehensive (loss)/income for the period	-	(53,716)	-	-	424,509	370,793
Share based compensation:						
- value of employee services	-	-	-	6,427	-	6,427
- repayment to ultimate parent company	-	-	-	(6,427)	-	(6,427)
Dividend paid for the financial year ended 30 November 2017	-	-	-	-	(750,000)	(750,000)
At 30 June 2018	<u>1,450,890</u>	<u>(41,844)</u>	<u>29,739</u>	<u>-</u>	<u>3,002,620</u>	<u>4,441,405</u>

* Included in retained earnings is RM2,479 million (2018: RM2,452 million) which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

<u>Company</u>	Non- Distributable			Distributable		Total RM'000
	Share capital RM'000	Available-for- sale fair value reserve RM'000	Asset revaluation reserve RM'000	Share- based reserves RM'000	Retained earnings* RM'000	
At 1 January 2019						
- As previously reported	1,450,890	40,244	28,618	-	3,266,919	4,786,671
- Opening adjustment on adoption of MFRS 16 (Note 3.1)	-	-	2,235	-	-	2,235
- As adjusted	1,450,890	40,244	30,853	-	3,266,919	4,788,906
Profit after tax for the period	-	-	-	-	36,668	36,668
Other comprehensive income for the period	-	326,729	-	-	-	326,729
Total comprehensive income for the period	-	326,729	-	-	36,668	363,397
Share based compensation:						
- value of employee services	-	-	-	5,352	-	5,352
- repayment to ultimate parent company	-	-	-	(5,352)	-	(5,352)
At 30 June 2019	1,450,890	366,973	30,853	-	3,303,587	5,152,303

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

<u>Company</u>	Non-Distributable				Distributable		Total RM'000
	Share capital RM'000	Available-for sale fair value reserve RM'000	Asset revaluation reserve RM'000	Share- based reserves RM'000	Reserves of a disposal group classified as held- for-sale RM'000	Retained earnings* RM'000	
At 1 January 2018	1,450,890	10,441	29,739	-	388	3,372,270	4,863,728
Profit after tax for the period	-	-	-	-	-	424,252	424,252
Other comprehensive loss for the period	-	(52,350)	-	-	-	-	(52,350)
Total comprehensive (loss)/income for the period	-	(52,350)	-	-	-	424,252	371,902
Share based compensation:							
- value of employee services	-	-	-	6,427	-	-	6,427
- repayment to ultimate parent company	-	-	-	(6,427)	-	-	(6,427)
Dividend paid for the financial year ended 30 November 2017	-	-	-	-	-	(750,000)	(750,000)
Transfer to reserves of a disposal group classified as held-for-sale	-	1,263	-	-	(1,263)	-	-
At 30 June 2018	1,450,890	(40,646)	29,739	-	(875)	3,046,522	4,485,630

* Included in retained earnings is RM2,479 million (2018: RM2,452 million) which comprise surplus from the Life Non-Participating Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Non-Participating Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

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

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

	<u>Group</u>		<u>Company</u>	
	<u>6 months period ended</u>	<u>6 months period ended</u>	<u>6 months period ended</u>	<u>6 months period ended</u>
	<u>30.06.2019</u>	<u>30.06.2018</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	99,520	523,989	63,352	508,842
Tax expense attributable to policyholders and unitholders	176,301	(49,202)	176,301	(49,202)
Rental, interest and dividend income	(1,087,261)	(1,074,236)	(1,077,518)	(1,072,725)
Realised gains	(4,503)	(6,450)	(4,412)	(5,254)
Fair value (gains)/losses	(1,663,610)	1,177,375	(1,663,486)	1,177,338
Allowance for impairment losses	-	11,767	-	11,767
Writeback of allowance for impairment losses	(4,625)	-	(2,883)	-
Write off of allowance for bad debts	1,507	-	-	-
Depreciation				
- property, plant and equipment	16,451	16,356	16,312	16,313
Amortisation				
- prepaid land lease payments	-	14	-	14
- intangible assets	6,784	5,838	5,939	5,640
Share of (profit)/loss from associate	(1,363)	183	-	-
Gain on sale of property, plant and equipment	-	(59)	-	(59)
Changes in working capital:				
Increase in AFS and FVTPL financial assets	(318,014)	(233,520)	(272,533)	(258,543)
Increase in reinsurance assets	(80,520)	(40,998)	(79,203)	(41,506)
(Increase)/Decrease in insurance receivables	(29,351)	23,785	(26,702)	23,621
Increase in loans and receivables	(114,531)	(21,387)	(131,973)	(21,348)
Increase in insurance payables	195,033	183,812	194,102	182,730
Increase/(Decrease) in insurance contract liabilities	2,679,070	(367,332)	2,667,963	(360,828)
(Decrease)/Increase in payables	(9,910)	64,584	1,936	85,216
Cash (used in)/generated from operating activities	<u>(139,022)</u>	<u>214,519</u>	<u>(132,805)</u>	<u>202,016</u>
Income taxes paid	(161,545)	(88,947)	(160,160)	(73,743)
Rental income received	10,409	9,502	10,409	9,502
Interest income received	911,706	878,123	903,856	876,660
Dividend income received	178,207	197,385	178,064	197,385
Net cash inflows from operating activities	<u>799,755</u>	<u>1,210,582</u>	<u>799,364</u>	<u>1,211,820</u>

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

	Group		Company	
	6 months period ended	6 months period ended	6 months period ended	6 months period ended
	<u>30.06.2019</u>	<u>30.06.2018</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(11,040)	(12,967)	(11,040)	(12,967)
Purchase of property, plant and equipment	(13,203)	(13,943)	(12,400)	(13,877)
Purchase of investment properties	(418)	(905)	(418)	(905)
Investment in subsidiaries	-	-	-	(90,000)
Proceed from disposal of property, plant and equipment	29	59	29	59
Net cash outflows from investing activities	<u>(24,632)</u>	<u>(27,756)</u>	<u>(23,829)</u>	<u>(117,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(750,000)	-	(750,000)
Net cash outflows from financing activities	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	775,123	432,826	775,535	344,130
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>872,332</u>	<u>561,921</u>	<u>839,783</u>	<u>547,477</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>1,647,455</u>	<u>994,747</u>	<u>1,615,318</u>	<u>891,607</u>
<u>Cash and cash equivalents comprised:</u>				
Cash and bank balances	298,922	351,630	285,988	346,907
Fixed and call deposits with licensed financial institutions	1,348,533	643,117	1,329,330	544,700
	<u>1,647,455</u>	<u>994,747</u>	<u>1,615,318</u>	<u>891,607</u>

The Group and Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

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

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business. The principal activities of the subsidiaries are engaged in the underwriting of all classes of general insurance business, investment holding and managing private retirement scheme and asset management business.

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

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act 2016 and the Financial Services Act, 2013 ("FSA") 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 ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The interim financial statements are authorised for issue by the Board of Directors on 20 August 2019.

2 BASIS OF PREPARATION

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

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

The 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 Group's consolidated audited financial statements for the 13 months period ended 31 December 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group and the Company for the condensed interim financial statements are consistent with those adopted by the Group's consolidated audited financial statements for the 13 months period ended 31 December 2018, except for the adoption of the following:

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial period beginning on or after 1 January 2019

The following accounting standards, amendments and interpretations have been adopted for the first time for the financial period beginning on 1 January 2019.

- MFRS 9 "Financial Instruments" replaces MFRS 139 "Financial Instruments: Recognition and Measurement"
- MFRS 15 "Revenue from contracts with customers" replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations
- MFRS 16 "Leases" supercedes MFRS 117 "Leases" and the related interpretations
- Amendments to MFRS 2 "Share-based Payment – Classification and Measurement of Share-based Payment Transactions"
- Amendments to MFRS 4 – Applying MFRS 9 "Financial Instruments" with MFRS 4 ("Insurance Contracts")
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement"
- Amendments to MFRS 128 "Long-term interests in Associates and Joint Ventures"
- Amendments to MFRS 140 "Investment Property – Transfer of Investment Property"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 "Investments in Associates and Joint Ventures"
- Annual Improvements to MFRSs 2015 – 2017 Cycle: MFRS 3 "Business Combinations"
- Annual Improvements to MFRSs 2015 – 2017 Cycle: MFRS 112 "Income Taxes"
- Annual Improvements to MFRSs 2015 – 2017 Cycle: MFRS 123 "Borrowing Costs"

The adoption of the above accounting standards, amendments and interpretations does not have any significant financial impact on the financial statements, except for disclosed below:-

- MFRS 9 "Financial Instruments" replaces MFRS 139 "Financial Instruments: Recognition and Measurement"

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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS (continued)

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial period beginning on or after 1 January 2019 (continued)

- MFRS 9 "Financial Instruments replaces MFRS 139 "Financial Instruments: Recognition and Measurement" (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 changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to income statement.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in income statement.

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

The Group has yet to fully assess the impact of MFRS 9 on its financial position and results.

- Amendments to MFRS 4 – Applying MFRS 9, "Financial Instruments" with MFRS 4, ("Insurance Contract")

The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 before the forthcoming new insurance contracts standard. This is because certain financial assets have to be measured at fair value through profit or loss under MFRS 9; whereas, under MFRS 4, the related liabilities from insurance contracts are often measured on amortised cost basis.

The amendments provide 2 different approaches for entities: (i) a temporary exemption from MFRS 9 for entities that meet specific requirements; and (ii) the overlay approach. Both approaches are optional.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Changes in accounting policies and effects arising from adoption of revised MFRS
(continued)**

**3.1 Standards, amendments to published standards and interpretations to existing
standards that are effective and relevant to the Group's financial period beginning on
or after 1 January 2019 (continued)**

- Amendments to MFRS 4 – Applying MFRS 9, “Financial Instruments” with MFRS 4, (“Insurance Contract”) (continued)

The Company's business activity is predominantly insurance as the liabilities connected with the Company's insurance businesses made up of more than 90% of the Company's total liabilities. Hence, the Company qualifies for the temporary exemption from applying MFRS 9 and intends to defer and adopt MFRS 9 together with MFRS 17 “Insurance Contracts” for the financial year beginning on or after 1 January 2021.

The Group has yet to fully assess the impact of the Amendments to MFRS 4 on its financial position and results.

- MFRS 16 “Leases” supersedes MFRS 117 “Leases” and the related interpretations

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group has elected to apply MFRS 16 to its leases retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore, the comparative information has not been restated and continues to be reported under MFRS 117.

Furthermore, as permitted by the standard the Group has elected to initially measure the right-of-use asset in relation to each lease at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. This approach results in no adjustment to the opening balance of retained earnings on 1 January 2019. However, due to the initial application of the revaluation model in measuring the right-of-use assets relating to the Group's interest in leasehold land and land use rights associated with property held for own use, the opening balance of asset revaluation reserve has been adjusted by RM2.2m on 1 January 2019.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS (continued)

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial period beginning on or after 1 January 2019 (continued)

- MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations (continued)

The adoption of MFRS 16 affected the following items in the balance sheet on 1 January 2019:

	Group		
	Balance at 1 January 2019, as previously reported	Opening adjustments on adoption of MFRS 16	Balance at 1 January 2019, as adjusted
	RM'000	RM'000	RM'000
<u>Assets</u>			
Property, plant and equipment	434,777	12,761	447,538
Prepaid land lease payment	1,146	(1,146)	-
Right-of-use assets	-	97,979	97,979
<u>Equity and liabilities</u>			
Asset revaluation reserve	28,618	2,235	30,853
Insurance contract liabilities	38,958,804	8,055	38,966,859
Deferred tax liabilities	485,362	1,325	486,687
Lease liabilities	-	97,979	97,979
			Company
	Balance at 1 January 2019, as previously reported	Opening adjustments on adoption of MFRS 16	Balance at 1 January 2019, as adjusted
	RM'000	RM'000	RM'000
<u>Assets</u>			
Property, plant and equipment	434,418	12,761	447,179
Prepaid land lease payment	1,146	(1,146)	-
Right-of-use assets	-	97,979	97,979
<u>Equity and liabilities</u>			
Asset revaluation reserve	28,618	2,235	30,853
Insurance contract liabilities	38,627,221	8,055	38,635,276
Deferred tax liabilities	485,362	1,325	486,687
Lease liabilities	-	97,979	97,979

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS (continued)

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial period beginning on or after 1 January 2019 (continued)

- MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations (continued)

In applying MFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3.2 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 January 2021

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

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

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and effects arising from adoption of revised MFRS (continued)

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

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

Financial year beginning on/after 1 January 2021 (continued)

- Alternative measurement models are provided for the different insurance coverages:
 - a) Simplified premium allocation approach if the insurance coverage period is a year or less; and
 - b) Variable fee approach should be applied for insurance contracts that specify a link between payments to the policyholders and the returns on the underlying items.

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

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

The Group is in the midst of conducting a detailed assessment of the new standard. The standard is currently mandatorily effective for financial period beginning on or after 1 January 2021. In November 2018, International Accounting Standards Board ("IASB") has approved to defer the adoption of IFRS 17 and a temporary exemption of the adoption of IFRS 9 for insurers until the financial period beginning on or after 1 January 2022.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

4 SEASONALITY OR CYCLICALITY

The business operations of the Group and of the Company were not significantly affected by seasonality or cyclical factors during the interim financial period.

5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period ended 30 June 2019.

6 CHANGES IN ESTIMATES

There were no material changes in the basis used for the accounting estimates for the current financial period ended 30 June 2019.

7 ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase and repayment of debt and equity securities during the current financial period ended 30 June 2019.

8 DIVIDEND PAID

No dividend has been paid or declared in respect of the current financial period ended 30 June 2019.

9 CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group and the Company during the period under review.

10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There were no material events subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date, except for the Board has principally approved a corporate exercise following a review of the Company's group corporate structure in an effort to simplify the existing structure and to achieve capital efficiency, subject to approval from the relevant authorities.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>30.06.2019</u>	<u>31.12.2018</u>	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
<u>At fair value</u>				
Malaysian government securities	2,245,283	2,544,915	2,052,797	2,361,075
Cagamas papers	282,109	295,826	254,521	268,192
Unquoted corporate debt securities	6,247,873	5,714,098	6,073,470	5,578,747
Unquoted equity securities	4,625	4,625	4,625	4,625
Deposits with licensed bank	-	101,550	-	101,550
Accrued interest	102,782	105,677	99,241	102,789
	<u>8,882,672</u>	<u>8,766,691</u>	<u>8,484,654</u>	<u>8,416,978</u>
<u>Carrying values of financial instruments</u>				
At 1 January/1 December	8,766,691	8,237,863	8,416,978	8,002,329
Purchases	318,138	2,479,641	247,582	2,274,912
Maturities	(50,700)	(417,691)	(50,700)	(413,991)
Disposals at amortised cost	(581,715)	(1,613,452)	(551,731)	(1,527,117)
Fair value gains recorded in:				
Other comprehensive income	435,617	68,322	428,188	68,442
Unrealised foreign exchange gain	497	-	497	-
Movement in accrued interest	(2,895)	17,689	(3,548)	17,568
Net amortisation of premiums	(2,961)	(5,681)	(2,612)	(5,165)
At 30 June/31 December	<u>8,882,672</u>	<u>8,766,691</u>	<u>8,484,654</u>	<u>8,416,978</u>
Current	337,392	417,113	304,658	388,960
Non current	8,545,280	8,349,578	8,179,996	8,028,018
	<u>8,882,672</u>	<u>8,766,691</u>	<u>8,484,654</u>	<u>8,416,978</u>
<u>Discontinued operations</u>				
<u>Carrying values of financial instruments</u>				
At 1 January/1 December	-	-	-	189,992
Purchases	-	-	-	30,124
Maturities	-	-	-	(1,000)
Disposals at amortised cost	-	-	-	(34,352)
Fair value losses recorded in:				
Other comprehensive income	-	-	-	(200)
Movement in accrued interest	-	-	-	(411)
Net amortisation of premium	-	-	-	(141)
Business transfer to AIA General Berhad	-	-	-	(184,012)
At 30 June/31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments

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

Group

	<u>Carrying amount</u> RM'000	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000
<u>At 30 June 2019</u>				
Malaysian government securities	2,245,283	-	2,245,283	-
Cagamas papers	282,109	-	282,109	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	6,247,873	-	6,247,873	-
Accrued interest	102,782	-	102,782	-
Total assets on a recurring fair value measurement basis	<u>8,882,672</u>	<u>-</u>	<u>8,878,047</u>	<u>4,625</u>

At 31 December 2018

Malaysian government securities	2,544,915	-	2,544,915	-
Cagamas papers	295,826	-	295,826	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,714,098	-	5,714,098	-
Deposits with licensed bank	101,550	-	101,550	-
Accrued interest	105,677	-	105,677	-
Total assets on a recurring fair value measurement basis	<u>8,766,691</u>	<u>-</u>	<u>8,762,066</u>	<u>4,625</u>

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11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

Company

	<u>Carrying amount</u> RM'000	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000
<u>At 30 June 2019</u>				
Malaysian government securities	2,052,797	-	2,052,797	-
Cagamas papers	254,521	-	254,521	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	6,073,470	-	6,073,470	-
Accrued interest	99,241	-	99,241	-
Total assets on a recurring fair value measurement basis	<u>8,484,654</u>	<u>-</u>	<u>8,480,029</u>	<u>4,625</u>
<u>At 31 December 2018</u>				
Malaysian government securities	2,361,075	-	2,361,075	-
Cagamas papers	268,192	-	268,192	-
Unquoted equity securities	4,625	-	-	4,625
Unquoted corporate debt securities	5,578,747	-	5,578,747	-
Deposits with licensed bank	101,550	-	101,550	-
Accrued interest	102,789	-	102,789	-
Total assets on a recurring fair value measurement basis	<u>8,416,978</u>	<u>-</u>	<u>8,412,353</u>	<u>4,625</u>

The table below sets out the summary of changes in level 3 fair value for financial assets for the period ended 30 June 2019.

	<u>Group and Company</u> <u>Unquoted equity securities</u> <u>RM'000</u>
At 1 January 2019/30 June 2019	<u>4,625</u>

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 15 to the condensed financial statements.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>30.06.2019</u>	<u>31.12.2018</u>	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian government securities	5,337,224	5,698,444	5,337,224	5,698,444
Cagamas papers	1,488,646	1,509,375	1,488,646	1,509,375
Equity securities of corporations				
- Quoted	9,095,923	8,066,078	9,095,923	8,066,078
- Unquoted	554,002	299,678	543,637	294,437
Quoted real estate investment trust funds	536,548	408,724	536,548	408,724
Unquoted corporate debt securities	18,478,409	17,399,252	18,478,409	17,399,252
Mutual funds				
- Quoted	1,476,893	1,299,161	1,476,893	1,299,161
- Unquoted	443,844	424,322	443,844	424,322
Malaysian government guaranteed loans	8,000	8,000	8,000	8,000
Accrued interest	288,094	280,706	288,094	280,706
	<u>37,707,583</u>	<u>35,393,740</u>	<u>37,697,218</u>	<u>35,388,499</u>
<u>Carrying values of financial instruments</u>				
At 1 January/1 December	35,393,740	35,426,038	35,388,499	35,420,689
Purchases	3,684,031	6,090,123	3,679,031	6,090,123
Maturities	(240,300)	(993,358)	(240,300)	(993,358)
Disposals at fair value	(2,802,904)	(3,926,157)	(2,802,904)	(3,926,157)
Fair value gains/(losses) recorded in income statements	1,674,162	(1,182,360)	1,674,038	(1,182,252)
Movement in accrued interest	7,388	(1,639)	7,388	(1,639)
Net amortisation of premiums	(8,534)	(18,907)	(8,534)	(18,907)
At 30 June/31 December	<u>37,707,583</u>	<u>35,393,740</u>	<u>37,697,218</u>	<u>35,388,499</u>
Current	12,822,182	11,535,980	12,822,182	11,535,980
Non current	24,885,401	23,857,760	24,875,036	23,852,519
	<u>37,707,583</u>	<u>35,393,740</u>	<u>37,697,218</u>	<u>35,388,499</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>30.06.2019</u>	<u>31.12.2018</u>	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000	RM'000	RM'000
<u>Discontinued operations</u>				
<u>Carrying values of financial instruments</u>				
At 1 January/1 December	-	-	-	5,349
Fair value losses recorded in income statements	-	-	-	(159)
Business transfer to AIA General Berhad	-	-	-	(5,190)
At 30 June/31 December	-	-	-	-

Fair value of financial instruments

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

<u>Group</u>	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2019</u>				
Malaysian government securities	5,337,224	-	5,337,224	-
Cagamas papers	1,488,646	-	1,488,646	-
Equity securities of corporations				
- Quoted	9,095,923	9,094,498	1,425	-
- Unquoted	554,002	-	553,969	33
Quoted real estate investment trust funds	536,548	536,548	-	-
Unquoted corporate debt securities	18,478,409	-	18,478,409	-
Mutual funds				
- Quoted	1,476,893	1,476,893	-	-
- Unquoted	443,844	-	-	443,844
Malaysian government guaranteed loans	8,000	-	-	8,000
Accrued interest	288,094	-	288,094	-
Total assets on a recurring fair value measurement basis	37,707,583	11,107,939	26,147,767	451,877

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

<u>Group</u>	<u>Carrying amount RM'000</u>	<u>Level 1 RM'000</u>	<u>Level 2 RM'000</u>	<u>Level 3 RM'000</u>
<u>At 31 December 2018</u>				
Malaysian government securities	5,698,444	-	5,698,444	-
Cagamas papers	1,509,375	-	1,509,375	-
Equity securities of corporations				
- Quoted	8,066,078	8,064,297	1,781	-
- Unquoted	299,678	-	299,645	33
Quoted real estate investment trust funds	408,724	408,724	-	-
Unquoted corporate debt securities	17,399,252	-	17,399,252	-
Mutual funds				
- Quoted	1,299,161	1,299,161	-	-
- Unquoted	424,322	-	-	424,322
Malaysian government guaranteed loans	8,000	-	-	8,000
Accrued interest	280,706	-	280,706	-
Total assets on a recurring fair value measurement basis	<u>35,393,740</u>	<u>9,772,182</u>	<u>25,189,203</u>	<u>432,355</u>

Company

At 30 June 2019

Malaysian government securities	5,337,224	-	5,337,224	-
Cagamas papers	1,488,646	-	1,488,646	-
Equity securities of corporations				
- Quoted	9,095,923	9,094,498	1,425	-
- Unquoted	543,637	-	543,604	33
Quoted real estate investment trust funds	536,548	536,548	-	-
Unquoted corporate debt securities	18,478,409	-	18,478,409	-
Mutual funds				
- Quoted	1,476,893	1,476,893	-	-
- Unquoted	443,844	-	-	443,844
Malaysian government guaranteed loans	8,000	-	-	8,000
Accrued interest	288,094	-	288,094	-
Total assets on a recurring fair value measurement basis	<u>37,697,218</u>	<u>11,107,939</u>	<u>26,137,402</u>	<u>451,877</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

Company (continued)

At 31 December 2018

	<u>Carrying amount</u> RM'000	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000
Malaysian government securities	5,698,444	-	5,698,444	-
Cagamas papers	1,509,375	-	1,509,375	-
Equity securities of corporations				
- Quoted	8,066,078	8,064,297	1,781	-
- Unquoted	294,437	-	294,404	33
Quoted real estate investment trust funds	408,724	408,724	-	-
Unquoted corporate debt securities	17,399,252	-	17,399,252	-
Mutual funds				
- Quoted	1,299,161	1,299,161	-	-
- Unquoted	424,322	-	-	424,322
Malaysian government guaranteed loans	8,000	-	-	8,000
Accrued interest	280,706	-	280,706	-
Total assets on a recurring fair value measurement basis	<u>35,388,499</u>	<u>9,772,182</u>	<u>25,183,962</u>	<u>432,355</u>

The tables below set out the summary of changes in level 3 fair value for financial assets for the financial period.

	<u>Group and Company</u>		
	<u>Malaysian government guaranteed loans</u> RM'000	<u>Equity securities</u> RM'000	<u>Mutual funds</u> RM'000
At 1 December 2017	8,000	33	261,155
Acquisition during the financial year	-	-	171,531
Disposal during the financial year	-	-	(17,130)
Fair value gains recorded in income statements	-	-	8,766
At 31 December 2018	<u>8,000</u>	<u>33</u>	<u>424,322</u>
Acquisition during the financial period	-	-	23,935
Disposal during the financial period	-	-	(1,232)
Fair value losses recorded in income statements	-	-	(3,181)
At 30 June 2019	<u>8,000</u>	<u>33</u>	<u>443,844</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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12 FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)

Fair value of financial instruments (continued)

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 15 to the condensed financial statements.

13 REINSURANCE ASSETS

Group

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
Reinsurance of insurance contracts	363,530	283,010
Receivable within 12 months	353,551	273,663
Receivable after 12 months	9,979	9,347
	<u>363,530</u>	<u>283,010</u>

Company

Reinsurance of insurance contracts	347,218	268,015
Receivable within 12 months	347,218	268,015

14 INSURANCE RECEIVABLES

Group

Outstanding premiums including agents' balances	341,479	310,882
Amount due from reinsurers	55,707	58,460
	<u>397,186</u>	<u>369,342</u>
Allowance for impairment losses	(33,730)	(36,900)
	<u>363,456</u>	<u>332,442</u>

Receivable within 12 months	<u>363,456</u>	<u>332,442</u>
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Company

Outstanding premiums including agents' balances	297,924	268,754
Amount due from reinsurers	53,043	55,511
	<u>350,967</u>	<u>324,265</u>
Allowance for impairment losses	(31,804)	(33,232)
	<u>319,163</u>	<u>291,033</u>

Receivable within 12 months	<u>319,163</u>	<u>291,033</u>
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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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14 INSURANCE RECEIVABLES (CONTINUED)

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 financial period end:

Group

	Gross amount of of recognised financial assets/ (liabilities) RM'000	Gross amount of recognised financial assets/(liabilities) set off in the statements of financial position RM'000	Net amount of financial assets/(liabilities) presented in the statements of financial position RM'000
<u>At 30 June 2019</u>			
Insurance receivables	398,497	(1,311)	397,186
Insurance payables	(6,603,319)	1,311	(6,602,008)
	<u>(6,204,822)</u>	<u>-</u>	<u>(6,204,822)</u>
<u>At 31 December 2018</u>			
Insurance receivables	374,795	(5,453)	369,342
Insurance payables	(6,412,428)	5,453	(6,406,975)
	<u>(6,037,633)</u>	<u>-</u>	<u>(6,037,633)</u>

Company

At 30 June 2019

Insurance receivables	352,278	(1,311)	350,967
Insurance payables	(6,592,327)	1,311	(6,591,016)
	<u>(6,240,049)</u>	<u>-</u>	<u>(6,240,049)</u>

At 31 December 2018

Insurance receivables	329,718	(5,453)	324,265
Insurance payables	(6,402,367)	5,453	(6,396,914)
	<u>(6,072,649)</u>	<u>-</u>	<u>(6,072,649)</u>

Certain amount due from reinsurers and amount due to reinsurers 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 assets and settle the liabilities simultaneously.

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15 FAIR VALUE MEASUREMENTS

Fair value measurements on a recurring basis

The Group measures at fair value for financial instruments classified at fair value through profit or loss, available for sale and investments in non-consolidated investment funds 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 period ended 30 June 2019.

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 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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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15 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

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 period ended 30 June 2019, there is no transfer 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 transfer of assets from Level 2 to Level 1 during the period ended 30 June 2019.

The Group's Level 2 financial instruments include debt securities and deposits with licensed bank. 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

The following table shows the valuation techniques used in determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models:

<u>Description</u>	<u>Valuation techniques</u>	<u>Valuation unobservable inputs</u>
Private equity funds	Net asset value	Net asset value
Common and preferred shares of private companies	Cost	Cost
Investment properties and properties held for own use	Discounted cash flows	Expected market rental growth Discount rate Yield
Malaysian government guarantee loan	Cost	Cost

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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15 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements on a recurring basis (continued)

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 the Group are required to review the reasonableness of the prices used and report price exceptions, if any. The Group's 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.

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

A summary of the fair value hierarchy of assets and liabilities not carried at fair value but for which fair value is disclosed as at 30 June 2019 is set out below.

Group

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 30 June 2019</u>				
Financial assets				
Loans and receivables	-	329,189	4,535,388	4,864,577
Financial liabilities				
Insurance payables	-	6,602,008	-	6,602,008
Other payables	-	843,246	-	843,246
	-	7,445,254	-	7,445,254

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15 FAIR VALUE MEASUREMENTS (CONTINUED)

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

A summary of the fair value hierarchy of assets and liabilities not carried at fair value but for which fair value is disclosed as at 30 June 2019 is set out below. (continued)

Group

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 30 December 2018</u>				
Financial assets				
Loans and receivables	-	33,146	4,578,493	4,611,639
Financial liabilities				
Insurance payables	-	6,406,975	-	6,406,975
Other payables	-	948,496	-	948,496
	-	7,355,471	-	7,355,471

Company

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>At 30 June 2019</u>				
Financial assets				
Loans and receivables	-	317,528	4,478,158	4,795,686
Financial liabilities				
Insurance payables	-	6,591,016	-	6,591,016
Other payables	-	817,428	-	817,428
	-	7,408,444	-	7,408,444

At 31 December 2018

Financial assets				
Loans and receivables	-	-	4,575,654	4,575,654
Financial liabilities				
Insurance payables	-	6,396,914	-	6,396,914
Other payables	-	921,300	-	921,300
	-	7,318,214	-	7,318,214

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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16 INSURANCE CONTRACT LIABILITIES

Group

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 30 June 2019</u>			
Life insurance	41,329,747	(347,218)	40,982,529
General insurance	316,182	(16,312)	299,870
	<u>41,645,929</u>	<u>(363,530)</u>	<u>41,282,399</u>
<u>At 31 December 2018</u>			
Life insurance	38,653,427	(268,015)	38,385,412
General insurance	305,377	(14,995)	290,382
	<u>38,958,804</u>	<u>(283,010)</u>	<u>38,675,794</u>

Company

At 30 June 2019

Life insurance	<u>41,303,239</u>	<u>(347,218)</u>	<u>40,956,021</u>
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At 31 December 2018

Life insurance	<u>38,627,221</u>	<u>(268,015)</u>	<u>38,359,206</u>
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	<u>Group</u>		<u>Company</u>	
	<u>30.06.2019</u>	<u>31.12.2018</u>	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000	RM'000	RM'000
Current	1,435,924	1,352,610	1,285,230	1,206,016
Non-current	40,210,005	37,606,194	40,018,009	37,421,205
	<u>41,645,929</u>	<u>38,958,804</u>	<u>41,303,239</u>	<u>38,627,221</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance

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

(i) Life insurance contract liabilities

<u>Group</u>	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>
<u>At 30 June 2019</u>			
Claims liabilities	354,793	(116,726)	238,067
Actuarial liabilities	31,322,635	(230,492)	31,092,143
Unallocated surplus	2,256,370	-	2,256,370
Asset revaluation reserve	158,766	-	158,766
Net asset value attributable to unitholders	<u>7,237,183</u>	<u>-</u>	<u>7,237,183</u>
	<u>41,329,747</u>	<u>(347,218)</u>	<u>40,982,529</u>
<u>At 31 December 2018</u>			
Claims liabilities	350,146	(95,851)	254,295
Actuarial liabilities	30,491,935	(172,164)	30,319,771
Unallocated surplus	1,293,301	-	1,293,301
Asset revaluation reserve	150,711	-	150,711
Net asset value attributable to unitholders	<u>6,367,334</u>	<u>-</u>	<u>6,367,334</u>
	<u>38,653,427</u>	<u>(268,015)</u>	<u>38,385,412</u>

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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

The life insurance contract liabilities and its movements are further analysed as follows:
(continued)

(i) Life insurance contract liabilities (continued)

<u>Company</u>	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>
<u>At 30 June 2019</u>			
Claims liabilities	354,793	(116,726)	238,067
Actuarial liabilities	31,322,635	(230,492)	31,092,143
Unallocated surplus	2,229,862	-	2,229,862
Asset revaluation reserve	158,766	-	158,766
Net asset value attributable to unitholders	7,237,183	-	7,237,183
	<u>41,303,239</u>	<u>(347,218)</u>	<u>40,956,021</u>
<u>At 31 December 2018</u>			
Claims liabilities	350,146	(95,851)	254,295
Actuarial liabilities	30,491,935	(172,164)	30,319,771
Unallocated surplus	1,267,095	-	1,267,095
Asset revaluation reserve	150,711	-	150,711
Net asset value attributable to unitholders	6,367,334	-	6,367,334
	<u>38,627,221</u>	<u>(268,015)</u>	<u>38,359,206</u>

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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

The life insurance contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance contract liabilities

<u>Group</u>	<u>With DPF</u> <u>RM'000</u>	<u>Without DPF</u> <u>RM'000</u>	<u>Gross</u> <u>Total</u> <u>RM'000</u>
<u>At 30 June 2019</u>			
At 1 January 2019			
- As previously reported	27,435,813	11,217,614	38,653,427
- Opening adjustment on adoption of MFRS 16	8,055	-	8,055
- As adjusted	<u>27,443,868</u>	<u>11,217,614</u>	<u>38,661,482</u>
Policy movement	(5,671)	262,559	256,888
Movement in claims liabilities	(659)	5,306	4,647
Model refinement	3,106	(500)	2,606
Adjustments due to changes in assumptions:			
Discount rate	212,898	334,105	547,003
Others	77	24,126	24,203
Change in net asset value attributable to unitholders	-	869,849	869,849
Unallocated surplus	<u>963,069</u>	<u>-</u>	<u>963,069</u>
At 30 June 2019	<u>28,616,688</u>	<u>12,713,059</u>	<u>41,329,747</u>

	<u>With DPF</u> <u>RM'000</u>	<u>Without DPF</u> <u>RM'000</u>	<u>Reinsurance</u> <u>Total</u> <u>RM'000</u>
At 1 January 2019	(7,071)	(260,944)	(268,015)
Policy movement	(796)	(57,532)	(58,328)
Movement in claims liabilities	296	(21,171)	(20,875)
At 30 June 2019	<u>(7,571)</u>	<u>(339,647)</u>	<u>(347,218)</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

The life insurance contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance contract liabilities (continued)

<u>Group</u>	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Gross</u> <u>Total</u> RM'000
<u>At 31 December 2018</u>			
At 1 December 2017	27,816,245	10,564,834	38,381,079
Policy movement	201,084	303,232	504,316
Movement in claims liabilities	(2,756)	18,185	15,429
Model refinement	40,936	5,931	46,867
Adjustments due to changes in assumptions:			
Expense	(41)	28,889	28,848
Lapse and surrender rates	(186,047)	(48,786)	(234,833)
Discount rate	105,613	(23,957)	81,656
Mortality/morbidity	(252,145)	(50,945)	(303,090)
Change in bonus	(3,911)	-	(3,911)
Others	20	70,896	70,916
Change in net asset value attributable to unitholders	-	349,335	349,335
Change in asset revaluation reserve	6,824	-	6,824
Release from asset revaluation reserve to unallocated surplus	(11,306)	-	(11,306)
Unallocated surplus	(278,703)	-	(278,703)
At 31 December 2018	<u>27,435,813</u>	<u>11,217,614</u>	<u>38,653,427</u>

	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Reinsurance</u> <u>Total</u> RM'000
At 1 December 2017	(7,586)	(208,083)	(215,669)
Policy movement	1,456	(13,185)	(11,729)
Movement in claims liabilities	(941)	(39,676)	(40,617)
At 31 December 2018	<u>(7,071)</u>	<u>(260,944)</u>	<u>(268,015)</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

The life insurance contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance contract liabilities (continued)

<u>Company</u>	<u>With DPF</u> <u>RM'000</u>	<u>Without DPF</u> <u>RM'000</u>	<u>Gross</u> <u>Total</u> <u>RM'000</u>
<u>At 30 June 2019</u>			
At 1 January 2019			
- As previously reported	27,409,607	11,217,614	38,627,221
- Opening adjustment on adoption of MFRS 16	8,055	-	8,055
- As adjusted	27,417,662	11,217,614	38,635,276
Policy movement	(5,671)	262,559	256,888
Movement in claims liabilities	(659)	5,306	4,647
Model refinement	3,106	(500)	2,606
Adjustments due to changes in assumptions:			
Discount rate	212,898	334,105	547,003
Others	77	24,126	24,203
Change in net asset value attributable to unitholders	-	869,849	869,849
Unallocated surplus	962,767	-	962,767
At 30 June 2019	<u>28,590,180</u>	<u>12,713,059</u>	<u>41,303,239</u>
			<u>Reinsurance</u>
	<u>With DPF</u> <u>RM'000</u>	<u>Without DPF</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
At 1 January 2019	(7,071)	(260,944)	(268,015)
Policy movement	(796)	(57,532)	(58,328)
Movement in claims liabilities	296	(21,171)	(20,875)
At 30 June 2019	<u>(7,571)</u>	<u>(339,647)</u>	<u>(347,218)</u>

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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance (continued)

The life insurance contract liabilities and its movements are further analysed as follows:
(continued)

(ii) Movements of life insurance contract liabilities (continued)

<u>Company</u>	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Gross</u> <u>Total</u> RM'000
<u>At 31 December 2018</u>			
At 1 December 2017	27,790,611	10,564,834	38,355,445
Policy movement	201,084	303,232	504,316
Movement in claims liabilities	(2,756)	18,185	15,429
Model refinement	40,936	5,931	46,867
Adjustments due to changes in assumptions:			
Expense	(41)	28,889	28,848
Lapse and surrender rates	(186,047)	(48,786)	(234,833)
Discount rate	105,613	(23,957)	81,656
Mortality/morbidity	(252,145)	(50,945)	(303,090)
Change in bonus	(3,911)	-	(3,911)
Others	20	70,896	70,916
Change in net asset value attributable to unitholders	-	349,335	349,335
Change in asset revaluation reserve	6,824	-	6,824
Release from asset revaluation reserve to unallocated surplus	(11,306)	-	(11,306)
Unallocated surplus	(279,275)	-	(279,275)
At 31 December 2018	<u>27,409,607</u>	<u>11,217,614</u>	<u>38,627,221</u>

	<u>With DPF</u> RM'000	<u>Without DPF</u> RM'000	<u>Reinsurance</u> <u>Total</u> RM'000
At 1 December 2017	(7,586)	(208,083)	(215,669)
Policy movement	1,456	(13,185)	(11,729)
Movement in claims liabilities	(941)	(39,676)	(40,617)
At 31 December 2018	<u>(7,071)</u>	<u>(260,944)</u>	<u>(268,015)</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance

Group

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 30 June 2019</u>			
Provision for claims reported by policyholders	111,505	(10,777)	100,728
Provision for incurred but not reported ("IBNR") claims	87,565	(2,433)	85,132
Claims liabilities	199,070	(13,210)	185,860
Premium liabilities	117,112	(3,102)	114,010
	<u>316,182</u>	<u>(16,312)</u>	<u>299,870</u>

At 31 December 2018

Provision for claims reported by policyholders	99,479	(9,381)	90,098
Provision for incurred but not reported ("IBNR") claims	88,844	(2,450)	86,394
Claims liabilities	188,323	(11,831)	176,492
Premium liabilities	117,054	(3,164)	113,890
	<u>305,377</u>	<u>(14,995)</u>	<u>290,382</u>

(i) Claims liabilities

Group

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 30 June 2019</u>			
At 1 January 2019	188,323	(11,831)	176,492
Claims incurred in the current accident year	50,425	(2,761)	47,664
Movement in claims incurred in prior accident years	5,720	(3,097)	2,623
Claims paid during the financial period	(43,377)	4,529	(38,848)
Others	(3,207)	-	(3,207)
Change in expense liabilities and risk margin	1,186	(50)	1,136
At 30 June 2019	<u>199,070</u>	<u>(13,210)</u>	<u>185,860</u>

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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

- (B) General Insurance (continued)
(i) Claims liabilities (continued)

Group

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 December 2018</u>			
At 1 December 2017	183,936	(12,145)	171,791
Claims incurred in the current accident year	111,611	(5,502)	106,109
Movement in claims incurred in prior accident years	(14,019)	5,386	(8,633)
Claims paid during the financial year	(88,915)	405	(88,510)
Others	(5,330)	-	(5,330)
Change in expense liabilities and risk margin	1,040	25	1,065
At 31 December 2018	<u>188,323</u>	<u>(11,831)</u>	<u>176,492</u>

**Company – Discontinued
operations**

<u>At 31 December 2018</u>			
At 1 December 2017	183,936	(12,145)	171,791
Claims incurred in the current accident year	60,182	(2,224)	57,958
Movement in claims incurred in prior accident years	(6,908)	5,982	(926)
Claims paid during the financial year	(44,004)	(3,639)	(47,643)
Others	(1,949)	-	(1,949)
Change in expense liabilities and risk margin	1,355	117	1,472
Business transfer to AIA General Berhad	(192,612)	11,909	(180,703)
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

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16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(ii) Premium liabilities

Group

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 30 June 2019</u>			
At 1 January 2019	117,054	(3,164)	113,890
Premium written during the financial period (Note 18)	154,403	(9,627)	144,776
Premium earned during the financial period	(154,345)	9,689	(144,656)
At 30 June 2019	<u>117,112</u>	<u>(3,102)</u>	<u>(114,010)</u>

At 31 December 2018

At 1 December 2017	110,169	(5,177)	104,992
Premium written during the financial year	315,805	(23,215)	292,590
Premium earned during the financial year	(308,920)	25,228	(283,692)
At 31 December 2018	<u>117,054</u>	<u>(3,164)</u>	<u>113,890</u>

Company - Discontinued operations

At 31 December 2018

At 1 December 2017	110,169	(5,177)	104,992
Premium written during the financial year	168,585	(12,238)	156,347
Premium earned during the financial year	(163,135)	12,510	(150,625)
Business transfer to AIA General Berhad	(115,619)	4,905	(110,714)
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

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17 INSURANCE PAYABLES

Group

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
Dividend payable to policyholders	5,765,262	5,580,295
Due to reinsurers	286,019	202,662
Due to agents and insureds	376,243	428,556
Premium deposits	174,484	195,462
	<u>6,602,008</u>	<u>6,406,975</u>

Company

Dividend payable to policyholders	5,765,262	5,580,295
Due to reinsurers	283,624	199,691
Due to agents and insureds	367,646	421,466
Premium deposits	174,484	195,462
	<u>6,591,016</u>	<u>6,396,914</u>

The carrying amounts disclosed above approximate their fair values as at the date of the statements of financial position. All amounts are payable within one year.

Offsetting of financial assets and financial liabilities

Certain amounts due from reinsurers and amounts due to reinsurers were set off for presentation purpose because they have the enforceable right to set off and they intend either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously as disclosed in Note 14 to the financial statements

18 NET EARNED PREMIUMS

	<u>Group</u>		<u>Company</u>	
	<u>6 months</u> period ended <u>30.06.2019</u> RM'000	<u>6 months</u> period ended <u>30.06.2018</u> RM'000	<u>6 months</u> period ended <u>30.06.2019</u> RM'000	<u>6 months</u> period ended <u>30.06.2018</u> RM'000
<u>Continuing operations</u>				
(a) Gross earned premiums				
Insurance contracts:				
Life	4,662,473	4,405,477	4,662,473	4,405,477
General (Note 16(B)(ii))	154,403	155,559	-	-
Gross premiums	4,816,876	4,561,036	4,662,473	4,405,477
Change in premium liabilities	(58)	(12,722)	-	-
	<u>4,816,818</u>	<u>4,548,314</u>	<u>4,662,473</u>	<u>4,405,477</u>

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18 NET EARNED PREMIUMS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>6 months period ended</u>	<u>6 months period ended</u>	<u>6 months period ended</u>	<u>6 months period ended</u>
	<u>30.06.2019</u>	<u>30.06.2018</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
(b) Premiums ceded to reinsurers				
Insurance contracts:				
Life	(523,685)	(544,582)	(523,685)	(544,582)
General (Note 16(B)(ii))	(9,627)	(11,390)	-	-
Gross premiums (ceded)	(533,312)	(555,972)	(523,685)	(544,582)
Change in premium liabilities	(62)	297	-	-
	<u>(533,374)</u>	<u>(555,675)</u>	<u>(523,685)</u>	<u>(544,582)</u>
Net earned premiums	<u>4,283,444</u>	<u>3,992,639</u>	<u>4,138,788</u>	<u>3,860,895</u>
<u>Discontinued operations</u>				
(a) Gross earned premiums				
Insurance contracts:				
General (Note 16(B)(ii))	-	-	-	155,559
Gross premiums	-	-	-	155,559
Change in premium liabilities	-	-	-	(12,722)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,837</u>
(b) Premiums ceded to reinsurers				
Insurance contracts:				
General (Note 16(B)(ii))	-	-	-	(11,390)
Gross premiums (ceded)	-	-	-	(11,390)
Change in premium liabilities	-	-	-	297
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,093)</u>
Net earned premiums	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,744</u>

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19 NET INSURANCE BENEFITS AND CLAIMS

	<u>Group</u>		<u>Company</u>	
	6 months period ended	6 months period ended	6 months period ended	6 months period ended
	<u>30.06.2019</u>	<u>30.06.2018</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
	RM'000	RM'000	RM'000	RM'000
(a) Gross benefits and claims paid				
<u>Continuing operations</u>				
Insurance contracts:				
Life	(3,586,622)	(3,343,445)	(3,586,622)	(3,343,445)
General	(43,377)	(45,648)	-	-
	<u>(3,629,999)</u>	<u>(3,389,093)</u>	<u>(3,586,622)</u>	<u>(3,343,445)</u>
<u>Discontinued operations</u>				
Insurance contracts:				
General	-	-	-	3,583
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,583</u>
(b) Claims ceded to reinsurers				
<u>Continuing operations</u>				
Insurance contracts:				
Life	327,771	356,481	327,771	356,481
General	4,529	3,583	-	-
	<u>332,300</u>	<u>360,064</u>	<u>327,771</u>	<u>356,481</u>
<u>Discontinued operations</u>				
Insurance contracts:				
General	-	-	-	(45,648)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,648)</u>
(c) Gross change to insurance contract liabilities:				
<u>Continuing operations</u>				
Insurance contracts:				
Life	(2,668,266)	384,214	(2,667,964)	384,941
General	(10,747)	(8,938)	-	-
	<u>(2,679,013)</u>	<u>375,276</u>	<u>(2,667,964)</u>	<u>384,941</u>
<u>Discontinued operations</u>				
Insurance contracts:				
General	-	-	-	(8,938)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,938)</u>

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19 NET INSURANCE BENEFITS AND CLAIMS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>6 months period ended 30.06.2019</u>	<u>6 months period ended 30.06.2018</u>	<u>6 months period ended 30.06.2019</u>	<u>6 months period ended 30.06.2018</u>
	RM'000	RM'000	RM'000	RM'000
(d) Change in insurance contract liabilities ceded to reinsurers				
<u>Continuing operations</u>				
Insurance contracts:				
Life	79,203	41,352	79,203	41,352
General	1,379	(2,322)	-	-
	<u>80,582</u>	<u>39,030</u>	<u>79,203</u>	<u>41,352</u>
<u>Discontinued operations (Note 22)</u>				
Insurance contracts:				
General	-	-	-	(2,322)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,322)</u>

20 CAPITAL COMMITMENTS

	<u>Group and Company</u>	
	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
Capital expenditure		
<u>Approved and contracted for:</u>		
Property and equipment	7,626	10,955
Investment properties	30,156	2,873
Intangible assets	7,670	13,248
Investments	247,926	271,873
	<u>293,378</u>	<u>298,949</u>
<u>Approved but not contracted for:</u>		
Property and equipment	508	1,864
Investment properties	5,840	34,640
Intangible assets	11,132	9,669
	<u>17,480</u>	<u>46,173</u>
Total	<u>310,858</u>	<u>345,122</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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21 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2019, as prescribed under the RBC Framework is provided below:

	<u>30.06.2019</u>	<u>Company</u> <u>31.12.2018</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid up)	1,450,890	1,450,890
Reserves, including retained earnings	11,977,811	11,473,186
	<u>13,428,701</u>	<u>12,924,076</u>
<u>Tier 2 Capital</u>		
Revaluation reserves	195,912	185,167
Available-for-sale fair value reserves	433,062	47,623
	<u>628,974</u>	<u>232,790</u>
Amount deducted from capital	<u>(359,954)</u>	<u>(343,740)</u>
Total capital available	<u>13,697,721</u>	<u>12,813,126</u>

22 INSURANCE FUNDS

The Group's principal activities are organised by funds and segregated into Shareholders, General, Life and Investment-linked funds in accordance with the FSA.

The Group's statements of financial position and income statements analysed by Life fund, Shareholders' and General Funds have been presented together as one fund.

The life insurance 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, motor, fire and other classes.

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

Pursuant to the requirements of the FSA on the separation of the general insurance and life insurance business, the disposal of the Company's General Insurance business to AIA General Berhad has been completed on 30 June 2018. Accordingly, the statement of financial position, income statement and statements of comprehensive income and cash flows of the General Fund have been classified as discontinued operations in the condensed financial statements.

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22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2019

At 30 June 2019

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Property, plant and equipment	2,079	442,232	-	444,311
Investment properties	-	363,720	-	363,720
Intangible assets	2,853	99,378	-	102,231
Right-of-use assets	-	114,614	-	114,614
Investment in associates	59,712	26,596	-	86,308
Available-for-sale financial assets	1,511,418	7,371,254	-	8,882,672
Fair value through profit or loss financial assets	10,365	37,697,218	-	37,707,583
Loans and receivables	3,667,773	4,744,848	(3,579,221)	4,833,400
Reinsurance assets	16,312	347,218	-	363,530
Insurance receivables	44,293	319,163	-	363,456
Current tax assets	91,158	143,158	-	234,316
Cash and cash equivalents	731,128	916,327	-	1,647,455
Total assets	6,137,091	52,585,726	(3,579,221)	55,143,596
<u>Equity and liabilities</u>				
Total equity	5,183,849	-	-	5,183,849
Insurance contract liabilities	316,182	41,329,747	-	41,645,929
Deferred tax liabilities	593,419	159,635	-	753,054
Insurance payables	10,992	6,591,016	-	6,602,008
Other payables	32,649	4,389,818	(3,579,221)	843,246
Lease liabilities	-	115,510	-	115,510
Total liabilities	953,242	52,585,726	(3,579,221)	49,959,747
Total equity and liabilities	6,137,091	52,585,726	(3,579,221)	55,143,596

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2019 (CONTINUED)

At 31 December 2018

<u>Group</u>	<u>Shareholders' and General Fund RM'000</u>	<u>Life Fund RM'000</u>	<u>Inter-fund Elimination RM'000</u>	<u>Total RM'000</u>
<u>Assets</u>				
Property, plant and equipment	849	433,928	-	434,777
Investment properties	-	363,220	-	363,220
Prepaid land lease payments	584	562	-	1,146
Intangible assets	3,698	94,319	-	98,017
Investment in associates	57,264	26,294	-	83,558
Available-for-sale financial assets	1,478,148	7,288,543	-	8,766,691
Fair value through profit or loss financial assets	5,241	35,388,499	-	35,393,740
Loans and receivables	4,004,687	4,745,689	(3,917,285)	4,833,091
Reinsurance assets	14,995	268,015	-	283,010
Insurance receivables	41,409	291,033	-	332,442
Deferred tax assets	7,078	-	-	7,078
Current tax assets	(1,430)	114,144	-	112,714
Cash and cash equivalents	33,471	838,861	-	872,332
Total assets	5,645,994	49,853,107	(3,917,285)	51,581,816
<u>Equity and liabilities</u>				
Total equity	4,782,179	-	-	4,782,179
Insurance contract liabilities	305,377	38,653,427	-	38,958,804
Deferred tax liabilities	514,050	(28,688)	-	485,362
Insurance payables	10,061	6,396,914	-	6,406,975
Other payables	34,327	4,831,454	(3,917,285)	948,496
Total liabilities	863,815	49,853,107	(3,917,285)	46,799,637
Total equity and liabilities	5,645,994	49,853,107	(3,917,285)	51,581,816

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2019 (CONTINUED)

At 30 June 2019

<u>Company</u>	<u>Shareholders' Fund RM'000</u>	<u>Life Fund RM'000</u>	<u>Inter-fund Elimination RM'000</u>	<u>Total RM'000</u>
<u>Assets</u>				
Property, plant and equipment	1,057	442,232	-	443,289
Investment properties	-	363,720	-	363,720
Intangible assets	-	99,378	-	99,378
Right-of-use assets	-	114,614	-	114,614
Investment in subsidiaries	253,000	-	-	253,000
Investment in associates	-	88	-	88
Available-for-sale financial assets	1,113,400	7,371,254	-	8,484,654
Fair value through profit or loss financial assets	-	37,697,218	-	37,697,218
Loans and receivables	3,596,524	4,744,848	(3,579,221)	4,762,151
Reinsurance assets	-	347,218	-	347,218
Insurance receivables	-	319,163	-	319,163
Current tax assets	87,713	143,158	-	230,871
Cash and cash equivalents	698,991	916,327	-	1,615,318
Total assets	5,750,685	52,559,218	(3,579,221)	54,730,682
<u>Equity and liabilities</u>				
Total equity	5,152,303	-	-	5,152,303
Insurance contract liabilities	-	41,303,239	-	41,303,239
Deferred tax liabilities	591,551	159,635	-	751,186
Insurance payables	-	6,591,016	-	6,591,016
Other payables	6,831	4,389,818	(3,579,221)	817,428
Lease liabilities	-	115,510	-	115,510
Total liabilities	598,382	52,559,218	(3,579,221)	49,578,379
Total equity and liabilities	5,750,685	52,559,218	(3,579,221)	54,730,682

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY FUNDS AS AT 30 JUNE 2019 (CONTINUED)

At 31 December 2018

<u>Company</u>	<u>Shareholders' Fund RM'000</u>	<u>Life Fund RM'000</u>	<u>Inter-fund Elimination RM'000</u>	<u>Total RM'000</u>
<u>Assets</u>				
Property, plant and equipment	490	433,928	-	434,418
Investment properties	-	363,220	-	363,220
Prepaid land lease payments	584	562	-	1,146
Intangible assets	-	94,319	-	94,319
Investment in subsidiaries	253,000	-	-	253,000
Investment in associates	-	88	-	88
Available-for-sale financial assets	1,128,435	7,288,543	-	8,416,978
Fair value through profit or loss financial assets	-	35,388,499	-	35,388,499
Loans and receivables	3,927,911	4,745,689	(3,917,285)	4,756,315
Reinsurance assets	-	268,015	-	268,015
Insurance receivables	-	291,033	-	291,033
Current tax assets	(3,490)	114,144	-	110,654
Cash and cash equivalents	922	838,861	-	839,783
Total assets	5,307,852	49,826,901	(3,917,285)	51,217,468
<u>Equity and liabilities</u>				
Total equity	4,786,671	-	-	4,786,671
Insurance contract liabilities	-	38,627,221	-	38,627,221
Deferred tax liabilities	514,050	(28,688)	-	485,362
Insurance payables	-	6,396,914	-	6,396,914
Other payables	7,131	4,831,454	(3,917,285)	921,300
Total liabilities	521,181	49,826,901	(3,917,285)	46,430,797
Total equity and liabilities	5,307,852	49,826,901	(3,917,285)	51,217,468

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2019

Group	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Gross earned premiums	154,345	4,662,473	-	4,816,818
Premiums ceded to reinsurers	(9,689)	(523,685)	-	(533,374)
Net earned premiums	144,656	4,138,788	-	4,283,444
Investment income	39,235	1,069,765	-	1,109,000
Net realised gains	381	4,137	-	4,518
Fair value gains	124	1,663,486	-	1,663,610
Other operating income	31,235	680	(16,210)	15,705
Total net revenue	215,631	6,876,856	(16,210)	7,076,277
Gross benefits and claims paid	(43,377)	(3,586,622)	-	(3,629,999)
Claims ceded to reinsurers	4,529	327,771	-	332,300
Gross change to insurance contract liabilities	(10,746)	(2,668,267)	-	(2,679,013)
Change in insurance contract liabilities ceded to reinsurers	1,379	79,203	-	80,582
Net insurance benefits and claims	(48,215)	(5,847,915)	-	(5,896,130)
Fee and commission expenses	(39,204)	(441,565)	-	(480,769)
Management expenses	(80,853)	(360,277)	16,210	(424,920)
Other expenses	(120,057)	(801,842)	16,210	(905,689)
Profit before share of profit from associate	47,359	227,099	-	274,458
Share of profit from associate	1,061	302	-	1,363
Profit before tax	48,420	227,401	-	275,821
Tax expense attributable to policyholders and unitholders	-	(176,301)	-	(176,301)
Profit before tax attributable to shareholders	48,420	51,100	-	99,520
Transfer from Revenue Accounts	51,100	(51,100)	-	-
Profit before tax attributable to shareholders	99,520	-	-	99,520
Tax expense attributable to shareholders	(33,847)	-	-	(33,847)
Profit after tax for the period	65,673	-	-	65,673

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2019

<u>Group</u>	<u>Shareholders' and General Fund RM'000</u>	<u>Life Fund RM'000</u>	<u>Inter-fund Elimination RM'000</u>	<u>Total RM'000</u>
Profit after tax for the period	65,673	-	-	65,673
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gains arising during the period	440,120	-	-	440,120
Net realised gains transferred to income statements	(4,503)	-	-	(4,503)
Deferred taxation	(103,242)	-	-	(103,242)
Change in available-for-sale fair value reserves	332,375	-	-	332,375
Share of other comprehensive income from associate	1,387	-	-	1,387
Total other comprehensive income - net of tax, for the period	333,762	-	-	333,762
Total comprehensive income for the period	399,435	-	-	399,435

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2018

Group	Shareholders' and General Fund RM'000	Life Fund RM'000	Inter-fund Elimination RM'000	Total RM'000
Gross earned premiums	142,837	4,405,477	-	4,548,314
Premiums ceded to reinsurers	(11,093)	(544,582)	-	(555,675)
Net earned premiums	131,744	3,860,895	-	3,992,639
Investment income	36,411	1,067,448	-	1,103,859
Net realised gains	1,197	3,642	-	4,839
Fair value losses	(37)	(1,177,338)	-	(1,177,375)
Other operating income	2,918	33,003	(425)	35,496
Total net revenue	172,233	3,787,650	(425)	3,959,458
Gross benefits and claims paid	(45,648)	(3,343,445)	-	(3,389,093)
Claims ceded to reinsurers	3,583	356,481	-	360,064
Gross change to insurance contract liabilities	(8,938)	384,214	-	375,276
Change in insurance contract liabilities ceded to reinsurers	(2,322)	41,352	-	39,030
Net insurance benefits and claims	(53,325)	(2,561,398)	-	(2,614,723)
Fee and commission expenses	(35,244)	(399,394)	-	(434,638)
Management expenses	(50,195)	(385,357)	425	(435,127)
Other expenses	(85,439)	(784,751)	425	(869,765)
Profit before share of loss from associate	33,469	441,501	-	474,970
Share of (losses)/gains from associate	(910)	727	-	(183)
Profit before tax	32,559	442,228	-	474,787
Tax expense attributable to policyholders and unitholders	-	49,202	-	49,202
Profit before tax attributable to shareholders	32,559	491,430	-	523,989
Transfer from Revenue Accounts	491,430	(491,430)	-	-
Profit before tax attributable to shareholders	523,989	-	-	523,989
Tax expense attributable to shareholders	(99,480)	-	-	(99,480)
Profit after tax for the period	424,509	-	-	424,509

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

**STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED
30 JUNE 2019**

6 months period ended 30 June 2018

<u>Group</u>	<u>Shareholders' and General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	424,509	-	-	424,509
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net losses arising during the period	(63,157)	-	-	(63,157)
Net realised gains transferred to income statements	(6,450)	-	-	(6,450)
Deferred taxation	15,991	-	-	15,991
Change in available-for-sale fair value reserves	(53,616)	-	-	(53,616)
Share of other comprehensive loss from associate	(100)	-	-	(100)
Total other comprehensive loss - net of tax, for the period	(53,716)	-	-	(53,716)
Total comprehensive income for the period	370,793	-	-	370,793

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2019

<u>Company</u>	<u>Shareholders' Fund RM'000</u>	<u>Life Fund RM'000</u>	<u>Total RM'000</u>
Gross earned premiums	-	4,662,473	4,662,473
Premiums ceded to reinsurers	-	(523,685)	(523,685)
Net earned premiums	-	4,138,788	4,138,788
Investment income	29,185	1,069,764	1,098,949
Net realised gains	289	4,137	4,426
Fair value gains	-	1,663,486	1,663,486
Other operating income	27,751	680	28,431
Total net revenue	57,225	6,876,855	6,934,080
Gross benefits and claims paid	-	(3,586,622)	(3,586,622)
Claims ceded to reinsurers	-	327,771	327,771
Gross change to insurance contract liabilities	-	(2,667,964)	(2,667,964)
Change in insurance contract liabilities ceded to reinsurers	-	79,203	79,203
Net insurance benefits and claims	-	(5,847,612)	(5,847,612)
Fee and commission expenses	-	(441,565)	(441,565)
Management expenses	(44,973)	(360,277)	(405,250)
Other expenses	(44,973)	(801,842)	(846,815)
Profit before tax	12,252	227,401	239,653
Tax expense attributable to policyholders and unitholders	-	(176,301)	(176,301)
Profit before tax attributable to shareholders	12,252	51,100	63,352
Transfer from Revenue Accounts	51,100	(51,100)	-
Profit before tax attributable to shareholders	63,352	-	63,352
Tax expense attributable to shareholders	(26,684)	-	(26,684)
Profit after tax for the period	36,668	-	36,668

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2019

<u>Company</u>	<u>Shareholders' Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Total</u> RM'000
Profit after tax for the period	36,668	-	36,668
Other comprehensive income:			
Items that may be subsequently <u>reclassified to profit or loss</u>			
Net gains arising during the period	432,600	-	432,600
Net realised gains transferred to income statements	(4,412)	-	(4,412)
Deferred taxation	(101,459)	-	(101,459)
Change in available-for-sale fair value reserves	<u>326,729</u>	<u>-</u>	<u>326,729</u>
Total comprehensive income for the period	<u><u>363,397</u></u>	<u><u>-</u></u>	<u><u>363,397</u></u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2018

<u>Company</u>	<u>Continuing operations</u>			<u>Discontinued operations</u>
	<u>Shareholders' Fund</u> <u>RM'000</u>	<u>Life Fund</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>	<u>General Fund</u> <u>RM'000</u>
Gross earned premiums	-	4,405,477	4,405,477	142,837
Premiums ceded to reinsurers	-	(544,582)	(544,582)	(11,093)
Net earned premiums	-	3,860,895	3,860,895	131,744
Investment income	29,405	1,067,448	1,096,853	5,495
Net realised gains	-	3,642	3,642	9
Fair value losses	-	(1,177,338)	(1,177,338)	(37)
Other operating (expenses)/ income	(3,420)	33,003	29,583	2,072
Total net revenue	25,985	3,787,650	3,813,635	139,283
Gross benefits and claims paid	-	(3,343,445)	(3,343,445)	3,583
Claims ceded to reinsurers	-	356,481	356,481	(45,648)
Gross change to insurance contract liabilities	-	384,941	384,941	(8,938)
Change in insurance contract liabilities ceded to reinsurers	-	41,352	41,352	(2,322)
Net insurance benefits and claims	-	(2,560,671)	(2,560,671)	(53,325)
Fee and commission expenses	-	(399,394)	(399,394)	(32,607)
Management expenses	(8,573)	(385,357)	(393,930)	(38,665)
Other expenses	(8,573)	(784,751)	(793,324)	(71,272)
Profit before tax	17,412	442,228	459,640	14,686
Tax expense attributable to policyholders and unitholders	-	49,202	49,202	-
Profit before tax attributable to shareholders	17,412	491,430	508,842	14,686
Transfer from Revenue Accounts	491,430	(491,430)	-	-
Profit before tax attributable to shareholders	508,842	-	508,842	14,686
Tax expense attributable to shareholders	(94,857)	-	(94,857)	(4,419)
Profit after tax for the period	413,985	-	413,985	10,267

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME BY FUNDS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

6 months period ended 30 June 2018

<u>Company</u>	<u>Continuing operations</u>			<u>Discontinued operations</u>
	<u>Shareholders' Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Total</u> RM'000	<u>General Fund</u> RM'000
Profit after tax for the period	413,985	-	413,985	10,267
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Net losses arising during the period	(61,702)	-	(61,702)	(1,566)
Net realised gains transferred to income statements	(5,254)	-	(5,254)	180
Deferred taxation	15,869	-	15,869	123
Change in available-for-sale fair value reserves	(51,087)	-	(51,087)	(1,263)
Total comprehensive income for the period	362,898	-	362,898	9,004

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

22 INSURANCE FUNDS (CONTINUED)

Included in the Income Statements for the period ended 30 June 2019 and 2018, and the Statements of Financial Position as at 30 June 2019 and 31 December 2018 of the Life fund are the segmental information for the Investment-Linked funds.

**STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS
AS AT 30 JUNE 2019**

	Group and Company	
	30.6.2019	31.12.2018
	RM'000	RM'000
<u>Assets</u>		
Fair value through profit or loss financial assets	6,676,553	5,840,500
Other receivables	15,976	20,222
Current tax assets	29,620	11,750
Deferred tax assets	-	12,120
Cash and cash equivalents	624,129	525,165
Total assets	7,346,278	6,409,757
<u>Less: Liabilities</u>		
Other payables	75,022	42,423
Deferred tax liabilities	34,073	-
Total liabilities	109,095	42,423
Net asset value	7,237,183	6,367,334

**INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019**

	Group and Company	
	6 months period ended 30.6.2019	6 months period ended 30.6.2018
	RM'000	RM'000
Investment income	114,187	105,767
Fair value gains/(losses)	318,816	(509,249)
Other operating income	2,522	2,733
	435,525	(400,749)
Management expenses	(35,700)	(33,326)
Profit/(Loss) before tax	399,825	(434,075)
Tax (expense)/credit	(27,731)	39,356
Profit/(Loss) after tax	372,094	(394,719)