

Company No.

790895

D

AIA BHD.

(Formerly known as American International Assurance Bhd.)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013**

Company No.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013**

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2013**

	<u>Note</u>	<u>Group</u>			<u>Company</u>		
		<u>31.05.2013</u> RM'000	<u>30.11.2012</u> RM'000 Restated	<u>01.12.2011</u> RM'000 Restated	<u>31.05.2013</u> RM'000	<u>30.11.2012</u> RM'000 Restated	<u>01.12.2011</u> RM'000 Restated
Assets							
Property, plant and equipment		170,126	139,485	145,523	168,587	138,247	144,408
Investment properties		2,582	38,505	40,191	2,582	38,505	40,191
Prepaid land lease payments		662	671	689	662	671	689
Intangible assets		19,142	10,007	60,635	19,142	10,007	60,635
Investment in subsidiaries			-	-	143,000	104,600	76,600
Investment in associate		23,893	22,795	36,989	88	88	12,035
Available-for-sale (%FS+) financial assets	11	3,025,684	3,174,384	3,147,491	2,952,074	3,111,915	3,073,470
Fair value through profit or loss (%VTPL+) financial assets	12	17,493,888	16,805,196	14,504,103	17,397,565	16,731,432	14,487,598
Loans and receivables		2,027,143	1,986,618	2,091,714	2,025,287	1,986,607	2,091,952
Reinsurance/retakaful assets	13	13,723	12,048	11,096	13,723	12,048	11,096
Insurance/takaful receivables		221,297	153,502	143,302	221,297	153,502	143,302
Cash and cash equivalents		313,779	384,008	789,364	272,047	319,639	762,399
Total assets		<u>23,311,919</u>	<u>22,727,219</u>	<u>20,971,097</u>	<u>23,216,054</u>	<u>22,607,261</u>	<u>20,904,375</u>

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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2013 (CONTINUED)

	Note	Group			Company		
		<u>31.05.2013</u>	<u>30.11.2012</u>	<u>01.12.2011</u>	<u>31.05.2013</u>	<u>30.11.2012</u>	<u>01.12.2011</u>
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		Restated	Restated
Equity and liabilities							
Share capital		241,706	241,706	241,706	241,706	241,706	241,706
Retained earnings		1,369,708	1,232,929	1,154,921	1,392,702	1,253,191	1,157,994
Available-for-sale fair value reserves		109,449	126,974	121,144	106,996	125,313	120,315
Proposed dividend reserves		-	300,000	350,000	-	300,000	350,000
Foreign currency translation reserves		-	(941)	(661)	-	-	-
Other reserves		(23,175)	-	-	-	-	-
Total equity attributable to:							
Shareholder of the Company		1,697,688	1,900,668	1,867,110	1,741,404	1,920,210	1,870,015
Non-controlling interest		-	23,833	27,666	-	-	-
Total equity		1,697,688	1,924,501	1,894,776	1,741,404	1,920,210	1,870,015
Insurance/takaful contract liabilities	14	18,007,870	16,986,676	15,670,584	17,885,960	16,891,383	15,638,192
Deferred tax liabilities		415,349	380,600	343,408	415,130	375,095	339,748
Insurance/takaful payables		2,989,256	2,910,881	2,763,404	2,988,215	2,910,161	2,763,295
Current tax liabilities		18,528	13,497	33,084	18,461	13,449	33,079
Other payables		183,228	511,064	265,841	166,884	496,963	260,046
Total liabilities		21,614,231	20,802,718	19,076,321	21,474,650	20,687,051	19,034,360
Total equity and liabilities		23,311,919	22,727,219	20,971,097	23,216,054	22,607,261	20,904,375

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

AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013**

	<u>31.05.2013</u> RM'000	<u>Group</u> <u>31.05.2012</u> RM'000 Restated	<u>31.05.2013</u> RM'000	<u>Company</u> <u>31.05.2012</u> RM'000 Restated
Gross earned premiums/ contributions	1,698,762	1,567,308	1,649,435	1,527,428
Premiums/contributions ceded to reinsurers/ retakaful operators	(55,524)	(45,507)	(54,567)	(45,507)
Net earned premiums/ contributions revenue	1,643,238	1,521,801	1,594,868	1,481,921
Investment income	500,785	465,861	497,396	465,423
Net realised gains/(losses)	12,129	3,117	(6,605)	2,658
Fair value gains	496,460	249,952	495,353	249,460
Fee and commission income	48	-	-	-
Other operating (expense)/ income	(15,831)	(267)	8,270	5,204
Net income	993,591	718,663	994,414	722,745
Gross benefits and claims paid	(1,033,234)	(1,008,414)	(1,027,216)	(1,006,910)
Claims ceded to reinsurers/ retakaful operators	21,692	17,438	21,692	17,438
Gross change to insurance/ takaful contract liabilities	(961,216)	(634,096)	(934,599)	(613,324)
Change in insurance/takaful contract liabilities ceded to reinsurers/retakaful operators	1,557	2,854	1,557	2,854
Net insurance/takaful benefits and claims	(1,971,201)	(1,622,218)	(1,938,566)	(1,599,942)
Fee and commission expenses	(226,307)	(208,057)	(215,670)	(200,055)
Management expenses	(200,989)	(165,874)	(186,471)	(152,819)
Taxation of life insurance fund/family takaful business	(72,321)	(52,266)	(72,046)	(52,231)
Other expenses	(499,617)	(426,197)	(474,187)	(405,105)

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**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

	Group		Company	
	31.05.2013	31.05.2012	31.05.2013	31.05.2012
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Profit before share of profit from associate	166,011	192,049	176,529	199,619
Share of profit from associate	1,098	313	-	-
Profit before taxation	167,109	192,362	176,529	199,619
Taxation	(31,627)	(42,275)	(37,018)	(40,921)
Profit for the period	135,482	150,087	139,511	158,698
Profit attributable to:				
Shareholder of the Company	136,779	152,648	139,511	158,698
Non-controlling interest	(1,297)	(2,561)	-	-
	135,482	150,087	139,511	158,698
Basic earnings per share (sen)	56.6	63.2	57.7	65.7

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 MAY 2013**

	<u>31.05.2013</u> RM'000	<u>Group</u> <u>31.05.2012</u> RM'000 Restated	<u>31.05.2013</u> RM'000	<u>Company</u> <u>31.05.2012</u> RM'000 Restated
Profit for the period	135,482	150,087	139,511	158,698
Other comprehensive (loss)/income:				
Change in available-for-sale fair value reserves				
Net (loss)/gain arising during the period	(12,394)	12,436	(12,588)	11,352
Net realised gain transferred to Income Statement	(12,129)	(3,117)	(12,044)	(2,658)
Deferred taxation	6,287	(2,368)	6,315	(2,212)
Foreign currency translation adjustments	941	13	-	-
Other comprehensive income - net of tax, for the period	<u>(17,295)</u>	<u>6,964</u>	<u>(18,317)</u>	<u>6,482</u>
Total comprehensive income for the period	<u><u>118,187</u></u>	<u><u>157,051</u></u>	<u><u>121,194</u></u>	<u><u>165,180</u></u>
Total comprehensive income attributable to:				
Shareholder of the Company	119,377	159,471	121,194	165,180
Non-controlling interest	(1,190)	(2,420)	-	-
	<u><u>118,187</u></u>	<u><u>157,051</u></u>	<u><u>121,194</u></u>	<u><u>165,180</u></u>

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MAY 2013**

<u>Group</u>	<u>Attributable to equity holders of the Company</u>								
	<u>Share capital</u> RM'000	<u>Foreign currency translation reserves</u> RM'000	<u>Available-for-sale fair value reserves</u> RM'000	<u>General reserves</u> RM'000	<u>Non-distributable retained earnings</u> RM'000	<u>Distributable retained earnings</u> RM'000	<u>Proposed dividend reserves</u> RM'000	<u>Non-controlling interest</u> RM'000	<u>Total</u> RM'000
At 1 December 2012	241,706	(941)	20,802	-	-	249,447	300,000	23,833	834,847
Effect on adoption of MFRS	-	-	106,172	-	983,482	-	-	-	1,089,654
At 1 December 2012	241,706	(941)	126,974	-	983,482	249,447	300,000	23,833	1,924,501
Total comprehensive (loss)/income for the period	-	941	(18,343)	-	108,258	28,521	-	(1,190)	118,187
Dividend paid for the financial year ended 30 November 2012	-	-	-	-	-	-	(300,000)	-	(300,000)
Acquisition of non-controlling interest	-	-	818	(23,175)	-	-	-	(22,643)	(45,000)
At 31 May 2013	241,706	-	109,449	(23,175)	1,091,740	277,968	-	-	1,697,688
At 1 December 2011	241,706	(661)	18,972	-	-	214,784	350,000	27,666	852,467
Effect on adoption of MFRS	-	-	102,172	-	940,137	-	-	-	1,042,309
At 1 December 2011 . restated	241,706	(661)	121,144	-	940,137	214,784	350,000	27,666	1,894,776
Total comprehensive (loss)/income for the period	-	13	6,810	-	131,553	21,095	-	(2,420)	157,051
Dividend paid for the financial year ended 30 November 2011	-	-	-	-	-	-	(300,000)	-	(300,000)
Undistributed dividend reserves transfer to retained earnings	-	-	-	-	-	50,000	(50,000)	-	-
At 31 May 2012	241,706	(648)	127,954	-	1,071,690	285,879	-	25,246	1,751,827

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

<u>Company</u>	<u>Attributable to equity holders of the Company</u>								<u>Total</u> RM'000
	<u>Non-distributable</u>				<u>Distributable</u>				
	<u>Share capital</u> RM'000	<u>Foreign currency translation reserves</u> RM'000	<u>Available-for-sale fair value reserves</u> RM'000	<u>General reserves</u> RM'000	<u>Non-distributable retained earnings</u> RM'000	<u>Distributable retained earnings</u> RM'000	<u>Proposed dividend reserves</u> RM'000	<u>Non-controlling interest</u> RM'000	
At 1 December 2012	241,706	-	19,141	-	-	269,709	300,000	-	830,556
Effect on adoption of MFRS	-	-	106,172	-	983,482	-	-	-	1,089,654
At 1 December 2012	241,706	-	125,313	-	983,482	269,709	300,000	-	1,920,210
Total comprehensive income for the period	-	-	(18,317)	-	108,258	31,253	-	-	121,194
Dividend paid for the financial year ended 30 November 2012	-	-	-	-	-	-	(300,000)	-	(300,000)
At 31 May 2013	241,706	-	106,996	-	1,091,740	300,962	-	-	1,741,404
At 1 December 2011	241,706	-	18,143	-	-	217,857	350,000	-	827,706
Effect on adoption of MFRS	-	-	102,172	-	940,137	-	-	-	1,042,309
At 1 December 2011, restated	241,706	-	120,315	-	940,137	217,857	350,000	-	1,870,015
Total comprehensive income for the period	-	-	6,482	-	131,553	27,145	-	-	165,180
Dividend paid for the financial year ended 30 November 2011	-	-	-	-	-	-	(300,000)	-	(300,000)
Undistributed dividend reserves transfer to retained earnings	-	-	-	-	-	50,000	(50,000)	-	-
At 31 May 2012	241,706	-	126,797	-	1,071,690	295,002	-	-	1,735,195

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2013**

	<u>31.05.2013</u>	<u>Group</u> <u>31.05.2012</u>	<u>31.05.2013</u>	<u>Company</u> <u>31.05.2012</u>
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	167,109	192,362	176,529	199,619
Adjustments:				
Taxation of life insurance fund/ family takaful business	72,321	52,266	72,046	52,231
Investment income	(505,227)	(468,400)	(501,871)	(466,200)
Realised (gains)/losses recorded in Income Statements	(12,129)	(3,117)	6,605	(2,658)
Fair value gains recorded in Income Statements	(496,460)	(249,952)	(495,353)	(249,460)
Realised losses on foreign exchange	2,195	4,542	1,253	4,542
Depreciation				
- property, plant and equipment	8,979	7,734	8,769	7,588
- investment properties	282	843	282	843
Amortisation				
- prepaid land lease payments	9	9	9	9
- intangible assets	2,108	1,935	2,108	1,935
Net unrealised losses/(gains) on foreign exchange	10,790	(2,856)	10,790	(2,856)
Reversal of impairment loss on investment	-	-	(18,400)	-
Allowance/(Reversal of allowance) for impairment losses	2,249	(2,721)	2,249	(2,721)
Share of profit from associate	(1,098)	(313)	-	-

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

	Group		Company	
	<u>31.05.2013</u>	<u>31.05.2012</u>	<u>31.05.2013</u>	<u>31.05.2012</u>
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Changes in working capital:				
Increase in AFS and FVTPL financial assets	(74,682)	(539,332)	(42,368)	(530,295)
Increase in reinsurance/retakaful assets	(1,675)	(3,125)	(1,675)	(3,125)
Increase in insurance/takaful receivables	(67,739)	(36,834)	(67,739)	(36,834)
Increase in loans and receivables	(34,394)	(466,457)	(32,549)	(462,919)
Increase in insurance/takaful payables	78,375	73,796	78,054	73,905
Decrease in obligation on securities sold under repurchase agreements	(329,056)	-	(329,056)	-
Increase/(decrease) in other payables	1,220	411,232	(1,023)	407,530
Increase in insurance/takaful contract liabilities	1,021,194	667,978	994,577	645,351
Cash used in operating activities	<u>(155,629)</u>	<u>(360,410)</u>	<u>(136,763)</u>	<u>(363,515)</u>
Income taxes paid	(57,854)	(65,517)	(57,704)	(65,465)
Interest income received	429,629	401,463	429,245	401,463
Profit income received	2,681	1,984	-	-
Dividends received	71,166	57,940	70,990	57,852
Net cash inflows from operating activities	<u>289,993</u>	<u>35,460</u>	<u>305,768</u>	<u>30,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(11,243)	(5,182)	(11,243)	(5,182)
Purchase of property, plant and equipment	(3,979)	(2,687)	(3,468)	(2,451)
Acquisition of minority interest	(45,000)	-	(45,000)	-
Proceeds from capital repayment from investment in associate	-	11,947	-	11,947
Proceeds from liquidation of subsidiary	-	-	6,351	-
Net cash (outflows) / inflows from investing activities	<u>(60,222)</u>	<u>4,078</u>	<u>(53,360)</u>	<u>4,314</u>

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

	<u>31.05.2013</u> RM'000	<u>Group</u> <u>31.05.2012</u> RM'000 Restated	<u>31.05.2013</u> RM'000	<u>Company</u> <u>31.05.2012</u> RM'000 Restated
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(300,000)	(300,000)	(300,000)	(300,000)
Net cash outflows from financing activities	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(70,229)	(260,462)	(47,592)	(265,351)
Effect of exchange rate changes	-	19	-	-
CASH AND CASH EQUIVALENTS AT 1 DECEMBER	<u>384,008</u>	<u>789,364</u>	<u>319,639</u>	<u>762,399</u>
CASH AND CASH EQUIVALENTS AT 31 MAY	<u><u>313,779</u></u>	<u><u>528,921</u></u>	<u><u>272,047</u></u>	<u><u>497,048</u></u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2013

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business, and all classes of general insurance business. The principal activity of the subsidiaries is managing family takaful business including investment-linked 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 1965 and Insurance Act 1996 and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is AIA Company Limited (formerly known as American International Assurance Company Limited), whose ultimate holding company was 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 on 2 July 2013.

2 BASIS OF PREPARATION

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

The Group has adopted the MFRS framework issued by Malaysian Accounting Standards Board (MASB) and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (BNM) with effect from 1 December 2012. The interim financial statements are the Group's first MFRS financial statements for the half-year ended 31 May 2013 and hence *MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The transition from FRS framework to MFRS framework and the adoption of the revised guidelines issued by BNM does not have any significant financial impact to the financial statements of the Group, other than as described in Note 3 below.

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 audited financial statements for the year ended 30 November 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

As all FRSs issued under FRS framework were equivalent to the MFRSs issued under MFRS framework, the accounting policies and presentation adopted by the Group for the condensed interim financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 30 November 2012.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The adoption of the revised standards, amendments and interpretations issued by Malaysian Accounting Standards Board (MASB) and revised guidelines issued by BNM which are effective in the current period do not have any material impact to the condensed interim financial statements of the Group, other than as discussed below:-

Unallocated surplus and AFS reserves of all life insurance contracts without discretionary participating features (referred to as %Non Par+)

Prior to 1 December 2012, the classification of unallocated surplus and AFS reserves of all life insurance contracts without discretionary participating features (referred to as %Non Par+) of the Group as liabilities is made in accordance with the Guidelines issued by BNM and is a modification to FRSs which had been approved by BNM under Section 90 of the Insurance Act 1996.

In accordance with the revised Guidelines issued by BNM that prescribe the alignment of accounting treatment to that of MFRS, the Non Par Fund unallocated surplus and AFS reserves do not meet the definition of liabilities and shall be accounted for as equity in the financial statements.

Accordingly, the Group has adopted the above revised Guideline and changed its accounting policy on the treatment of unallocated surplus and AFS reserve of its Non Par Fund. It is adjusted retrospectively against prior year retained earnings and AFS reserves.

Certain comparative figures have been restated following the adoption of MFRS Framework and changes in accounting policies.

Statements of Financial Position

At 1 December 2011

	As reported under "FRS" RM'000	Adjustment RM'000	As reported under "MFRS" RM'000
Group			
Insurance contract liabilities	16,960,953	(1,290,369)	15,670,584
Deferred tax liabilities	95,348	248,060	343,408
AFS reserve	18,972	102,172	121,144
Retained earnings	214,784	940,137	1,154,921
Company			
Insurance contract liabilities	16,928,561	(1,290,369)	15,638,192
Deferred tax liabilities	91,688	248,060	339,748
AFS reserve	18,143	102,172	120,315
Retained earnings	217,857	940,137	1,157,994

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At 30 November 2012

<u>Group</u>	As reported under "FRS" RM'000	Adjustment RM'000	As reported under "MFRS" RM'000
Insurance contract liabilities	18,338,913	(1,352,237)	16,986,676
Deferred tax liabilities	118,017	262,583	380,600
AFS reserve	20,802	106,172	126,974
Retained earnings	249,447	983,482	1,232,929
<u>Company</u>			
Insurance contract liabilities	18,243,620	(1,352,237)	16,891,383
Deferred tax liabilities	112,512	262,583	375,095
AFS reserve	19,141	106,172	125,313
Retained earnings	269,709	983,482	1,253,191

Income Statements

31 May 2012

Group

Gross change to insurance/takaful contract liabilities	(796,958)	162,862	(634,096)
Taxation	(10,966)	(31,309)	(42,275)
Profit for the period	18,534	131,553	150,087

Company

Gross change to insurance contract liabilities	(776,186)	162,862	(613,324)
Taxation	(9,612)	(31,309)	(40,921)
Profit for the period	27,145	131,553	158,698

Statement of Comprehensive Income

31 May 2012

Group

Change in available-for-sale fair value reserves			
Net (loss)/gain arising during the period	3,751	8,685	12,436
Net realised gain transferred to Income Statement	(814)	(2,303)	(3,117)
Deferred taxation	(734)	(1,634)	(2,368)
Other comprehensive income - net of tax, for the period	2,216	4,748	6,964
Total comprehensive income for the period	20,750	136,301	157,051

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Comprehensive Income (Continued)

31 May 2012 (Continued)

<u>Company</u>	As reported under "FRS" RM'000	Adjustment RM'000	As reported under "MFRS" RM'000
Change in available-for-sale fair value reserves			
Net (loss)/gain arising during the period	2,667	8,685	11,352
Net realised gain transferred to Income Statement	(355)	(2,303)	(2,658)
Deferred taxation	(578)	(1,634)	(2,212)
Other comprehensive income - net of tax, for the period	1,734	4,748	6,482
Total comprehensive income for the period	28,879	136,301	165,180

4 SEASONALITY OR CYCLICALITY

The business operations of the Group were not significantly affected by seasonality or cyclical factors for the period under review.

5 UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence for the half-year ended 31 May 2013.

6 CHANGES IN ESTIMATES

There were no material changes in the basis used for the accounting estimates in interim financial statements for the half-year ended 31 May 2013.

7 ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the half-year ended 31 May 2013.

8 DIVIDEND PAID

During the half-year ended 31 May 2013, a final single tier dividend of 124.1% on 241,706,000 ordinary shares in respect of the financial year ended 30 November 2012, amounting to RM300 million was paid on 2 May 2013.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

9 CHANGES IN THE COMPOSITION OF THE GROUP

On 12 March 2013, the Group acquired the remaining 30% of the share capital of AIA AFG Takaful Bhd. (%AATB+) from the remaining shareholder by way of a voluntary offering for an aggregate consideration of RM45 million. The purchase of this 30% share and the 100% ownership of AATB is part of the rationalisation exercise which is being undertaken by the Group to achieve a single takaful operator license with a 70% shareholding.

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

10 SIGNIFICANT EVENTS AFTER THE HALF-YEAR ENDED 31 MAY 2013

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

11 AVAILABLE-FOR-SALE (“AFS”) FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2013</u>	<u>30.11.2012</u>	<u>31.05.2013</u>	<u>30.11.2012</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At fair value</u>				
Malaysian government securities	580,433	896,034	569,903	866,588
Cagamas papers	470,543	468,571	470,543	468,571
Unquoted corporate debt securities	1,892,980	1,749,234	1,850,529	1,716,883
Seed money	20,000	-	-	-
Deposits with licensed bank	20,098	20,229	20,098	20,229
Accrued interest	41,630	40,316	41,001	39,644
	<u>3,025,684</u>	<u>3,174,384</u>	<u>2,952,074</u>	<u>3,111,915</u>
<u>Carrying values of financial assets</u>				
At 1 December	3,174,384	3,147,491	3,111,915	3,073,470
Purchases	350,599	1,030,111	330,598	1,017,959
Maturities	(35,814)	(478,497)	(35,814)	(478,497)
Disposals at amortised cost	(430,977)	(526,881)	(422,784)	(502,763)
Fair value (losses)/gains recorded in other comprehensive income	(25,223)	7,520	(24,632)	7,058
Unrealised foreign exchange loss	(5,231)	(300)	(5,231)	(300)
Movement in accrued interest	1,313	1,351	1,357	1,322
Amortisation	(3,367)	(6,411)	(3,335)	(6,334)
At 31 May / 30 November	<u>3,025,684</u>	<u>3,174,384</u>	<u>2,952,074</u>	<u>3,111,915</u>

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FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

11 AVAILABLE-FOR-SALE (“AFS”) FINANCIAL ASSETS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2013</u>	<u>30.11.2012</u>	<u>31.05.2013</u>	<u>30.11.2012</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	109,149	86,399	108,520	85,726
Non-current	2,916,535	3,087,985	2,843,554	3,026,189
	<u>3,025,684</u>	<u>3,174,384</u>	<u>2,952,074</u>	<u>3,111,915</u>

Fair value of financial assets

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

Group

<u>At 31 May 2013</u>	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysian government securities	580,433	-	580,433	-
Cagamas papers	470,543	-	470,543	-
Unquoted corporate debt securities	1,892,980	-	1,892,980	-
Seed money	20,000	-	-	20,000
Deposits with licensed bank	20,098	-	20,098	-
Accrued interest	41,630	-	41,630	-
	<u>3,025,684</u>	<u>-</u>	<u>3,005,684</u>	<u>20,000</u>

At 30 November 2012

Malaysian government securities	896,034	-	896,034	-
Cagamas papers	468,571	-	468,571	-
Unquoted corporate debt securities	1,749,234	-	1,749,234	-
Deposits with licensed bank	20,229	-	20,229	-
Accrued interest	40,316	-	40,316	-
	<u>3,174,384</u>	<u>-</u>	<u>3,174,384</u>	<u>-</u>

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11 AVAILABLE-FOR-SALE (“AFS”) FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets (continued)

Company

<u>At 31 May 2013</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>
Malaysian government securities	569,903	-	569,903	-
Cagamas papers	470,543	-	470,543	-
Unquoted corporate debt securities	1,850,529	-	1,850,529	-
Deposits with licensed bank	20,098	-	20,098	-
Accrued interest	41,001	-	41,001	-
	2,952,074	-	2,952,074	-
	2,952,074	-	2,952,074	-
<u>At 30 November 2012</u>				
Malaysian government securities	866,588	-	866,588	-
Cagamas papers	468,571	-	468,571	-
Unquoted corporate debt securities	1,716,883	-	1,716,883	-
Deposits with licensed bank	20,229	-	20,229	-
Accrued interest	39,644	-	39,644	-
	3,111,915	-	3,111,915	-
	3,111,915	-	3,111,915	-

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

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

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

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FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****11 AVAILABLE-FOR-SALE (“AFS”) FINANCIAL ASSETS (CONTINUED)****Fair value of financial assets (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 from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

12 FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2013</u>	<u>30.11.2012</u>	<u>31.05.2013</u>	<u>30.11.2012</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At fair value</u>				
Malaysian government securities	2,799,139	3,177,715	2,778,007	3,156,297
Cagamas papers	1,397,489	1,424,405	1,397,489	1,424,405
Equity securities of corporations				
- Quoted	4,023,757	3,345,227	4,003,905	3,332,770
- Unquoted	33	33	33	33
Quoted real estate investment trust	420,260	398,480	419,780	397,376
Unquoted corporate debt securities	8,018,865	7,690,592	7,964,987	7,652,548
Mutual Funds	622,340	475,378	622,340	475,378
Subscription rights	2,625	-	2,625	-
Deposits with licensed bank	73,925	159,431	73,925	159,431
Accrued interest	135,455	133,935	134,474	133,194
	<u>17,493,888</u>	<u>16,805,196</u>	<u>17,397,565</u>	<u>16,731,432</u>
<u>Carrying values of financial assets</u>				
At 1 December	16,805,196	14,504,103	16,731,432	14,487,598
Purchases	2,762,262	6,316,266	2,714,791	6,243,779
Maturities	(140,000)	(445,656)	(140,000)	(445,656)
Disposals	(2,419,838)	(4,076,055)	(2,393,629)	(4,059,696)
Fair value gains recorded				
in Income Statements	496,460	496,890	495,353	496,343
Unrealised foreign exchange loss	(5,559)	(8,126)	(5,559)	(8,126)
Movement in accrued interest	1,519	27,011	1,279	26,379
Amortisation	(6,152)	(9,237)	(6,102)	(9,189)
At 30 November	<u>17,493,888</u>	<u>16,805,196</u>	<u>17,397,565</u>	<u>16,731,432</u>

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FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****12 FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) FINANCIAL ASSETS (CONTINUED)**

	Group		Company	
	31.05.2013	30.11.2012	31.05.2013	30.11.2012
	RM'000	RM'000	RM'000	RM'000
Current	5,228,151	4,486,676	5,227,170	4,485,935
Non-current	12,265,737	12,318,520	12,170,395	12,245,497
	<u>17,493,888</u>	<u>16,805,196</u>	<u>17,397,565</u>	<u>16,731,432</u>

Fair value of financial assets

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

Group

	Carrying amount	Level 1	Level 2	Level 3
<u>At 31 May 2013</u>	RM'000	RM'000	RM'000	RM'000
Malaysian government securities	2,799,139	-	2,799,139	-
Cagamas papers	1,397,489	-	1,397,489	-
Equity securities of corporations				
- Quoted	4,023,757	4,023,757	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	420,260	420,260	-	-
Unquoted corporate debt securities	8,018,865	-	8,018,865	-
Mutual Funds	622,340	622,340	-	-
Subscription rights	2,625	2,625	-	-
Deposits with licensed bank	73,925	-	73,925	-
Accrued interest	135,455	-	135,455	-
	<u>17,493,888</u>	<u>5,068,982</u>	<u>12,424,873</u>	<u>33</u>
<u>At 30 November 2012</u>				
Malaysian government securities	3,177,715	-	3,177,715	-
Cagamas papers	1,424,405	-	1,424,405	-
Equity securities of corporations				
- Quoted	3,345,227	3,345,227	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	398,480	398,480	-	-
Unquoted corporate debt securities	7,690,592	-	7,690,592	-
Mutual Funds	475,378	475,378	-	-
Deposits with licensed bank	159,431	-	159,431	-
Accrued interest	133,935	-	133,935	-
	<u>16,805,196</u>	<u>4,219,085</u>	<u>12,586,078</u>	<u>33</u>

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12 FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) FINANCIAL ASSETS (CONTINUED)

Fair value of financial assets (continued)

Company

<u>At 31 May 2013</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>
Malaysian government securities	2,778,007	-	2,778,007	-
Cagamas papers	1,397,489	-	1,397,489	-
Equity securities of corporations				
- Quoted	4,003,905	4,003,905	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	419,780	419,780	-	-
Unquoted corporate debt securities	7,964,987	-	7,964,987	-
Mutual Funds	622,340	622,340	-	-
Subscription rights	2,625	2,625	-	-
Deposits with licensed bank	73,925	-	73,925	-
Accrued interest	134,474	-	134,474	-
	<u>17,397,565</u>	<u>5,048,650</u>	<u>12,348,882</u>	<u>33</u>
<u>At 30 November 2012</u>				
Malaysian government securities	3,156,297	-	3,156,297	-
Cagamas papers	1,424,405	-	1,424,405	-
Equity securities of corporations				
- Quoted	3,332,770	3,332,770	-	-
- Unquoted	33	-	-	33
Quoted real estate investment trust	397,376	397,376	-	-
Unquoted corporate debt securities	7,652,548	-	7,652,548	-
Mutual Funds	475,378	475,378	-	-
Deposits with licensed bank	159,431	-	159,431	-
Accrued interest	133,194	-	133,194	-
	<u>16,731,432</u>	<u>4,205,524</u>	<u>12,525,875</u>	<u>33</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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13 REINSURANCE/RETAKAFUL ASSETS

	<u>Group and Company</u>	
	<u>31.05.2013</u>	<u>30.11.2012</u>
	RM'000	RM'000
Reinsurance of insurance contracts	13,723	12,048
Receivables within 12 months	13,723	12,048

14 INSURANCE/TAKAFUL CONTRACT LIABILITIES

<u>Group</u>	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 May 2013</u>			
Life insurance/family takaful (Note A)	17,435,857	(5,082)	17,430,775
General insurance (Note B)	572,013	(8,641)	563,372
	<u>18,007,870</u>	<u>(13,723)</u>	<u>17,994,147</u>
<u>At 30 November 2012 (restated)</u>			
Life insurance/family takaful (Note A)	16,490,641	(4,249)	16,486,392
General insurance (Note B)	496,035	(7,799)	488,236
	<u>16,986,676</u>	<u>(12,048)</u>	<u>16,974,628</u>
<u>Company</u>			
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 May 2013</u>			
Life insurance/family takaful (Note A)	17,313,947	(5,082)	17,308,865
General insurance (Note B)	572,013	(8,641)	563,372
	<u>17,885,960</u>	<u>(13,723)</u>	<u>17,872,237</u>
<u>At 30 November 2012 (restated)</u>			
Life insurance/family takaful (Note A)	16,395,348	(4,249)	16,391,099
General insurance (Note B)	496,035	(7,799)	488,236
	<u>16,891,383</u>	<u>(12,048)</u>	<u>16,879,335</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

	Group		Company	
	31.05.2013	30.11.2012	31.05.2013	30.11.2012
	RM'000	RM'000	RM'000	RM'000
Current	822,266	671,543	814,357	669,457
Non-current	17,185,604	16,315,133	17,071,603	16,221,926
	<u>18,007,870</u>	<u>16,986,676</u>	<u>17,885,960</u>	<u>16,891,383</u>

(A) Life Insurance/Family Takaful

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

(i) Life insurance/family takaful contract liabilities

Group	Gross RM'000	Reinsurance RM'000	Net RM'000
At 31 May 2013			
Claims liabilities	83,228	(4,775)	78,453
Actuarial liabilities	12,367,383	(307)	12,367,076
Unallocated surplus	2,177,773	-	2,177,773
Net asset value attributable to unitholders / participants	2,807,473	-	2,807,473
	<u>17,435,857</u>	<u>(5,082)</u>	<u>17,430,775</u>
At 30 November 2012 (restated)			
Claims liabilities	72,189	(3,965)	68,224
Actuarial liabilities	12,115,887	(284)	12,115,603
Unallocated surplus	1,876,778	-	1,876,778
Net asset value attributable to unitholders / participants	2,425,787	-	2,425,787
	<u>16,490,641</u>	<u>(4,249)</u>	<u>16,486,392</u>

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14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

<u>Company</u>	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 May 2013</u>			
Claims liabilities	80,821	(4,775)	76,046
Actuarial liabilities	12,358,901	(307)	12,358,594
Unallocated surplus	2,153,979	-	2,153,979
Net asset value attributable to unitholders	2,720,246	-	2,720,246
	<u>17,313,947</u>	<u>(5,082)</u>	<u>17,308,865</u>
<u>At 30 November 2012 (restated)</u>			
Claims liabilities	71,801	(3,965)	67,836
Actuarial liabilities	12,108,852	(284)	12,108,568
Unallocated surplus	1,854,078	-	1,854,078
Net asset value attributable to unitholders	2,360,617	-	2,360,617
	<u>16,395,348</u>	<u>(4,249)</u>	<u>16,391,099</u>

During the half-year period, total amount of shared-based compensation of RM1,307,000 (2012: RM1,169,000) charged to a separate reserve within the life insurance fund has been recharged and settled with the holding company.

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14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

<u>Group</u>	<u>With DPF RM'000</u>	<u>Gross without DPF RM'000</u>	<u>Total RM'000</u>
At 1 December 2012	12,771,568	3,719,073	16,490,641
Policy movement	245,820	9,781	255,601
Movement in claim liabilities	478	10,561	11,039
Model enhancement	(20,753)	(31,914)	(52,667)
Adjustments due to changes in assumptions:			
Expenses	-	(237)	(237)
Discount rate	(4,537)	53,336	48,799
Change in asset value attributable to unitholders / participants	16,066	365,620	381,686
Unallocated surplus	300,995	-	300,995
	<u>13,309,637</u>	<u>4,126,220</u>	<u>17,435,857</u>

<u>Group</u>	<u>With DPF RM'000</u>	<u>Reinsurance without DPF RM'000</u>	<u>Total RM'000</u>
At 1 December 2012	(243)	(4,006)	(4,249)
Policy movement	(12)	(11)	(23)
Movement in claim liabilities	5	(815)	(810)
	<u>(250)</u>	<u>(4,832)</u>	<u>(5,082)</u>

Company No.

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AIA BHD.

(Formerly known as American International Assurance Bhd.)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

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

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

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

<u>Company</u>	<u>With DPF RM'000</u>	<u>Gross without DPF RM'000</u>	<u>Total RM'000</u>
At 1 December 2012	12,685,935	3,709,413	16,395,348
Policy movement	244,373	9,781	254,154
Movement in claim liabilities	(1,541)	10,561	9,020
Model enhancement	(20,753)	(31,914)	(52,667)
Adjustments due to changes in assumptions:			
Expenses	-	(237)	(237)
Discount rate	(4,537)	53,336	48,799
Change in asset value attributable to unitholders	-	359,629	359,629
Unallocated surplus	299,901	-	299,901
	<u>13,203,378</u>	<u>4,110,569</u>	<u>17,313,947</u>

<u>Company</u>	<u>With DPF RM'000</u>	<u>Reinsurance without DPF RM'000</u>	<u>Total RM'000</u>
At 1 December 2012	(243)	(4,006)	(4,249)
Policy movement	(12)	(11)	(23)
Movement in claim liabilities	5	(815)	(810)
	<u>(250)</u>	<u>(4,832)</u>	<u>(5,082)</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(A) Life Insurance/Family Takaful (continued)

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

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

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

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance

Group and Company

	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<u>At 31 May 2013</u>			
Provision for claims reported by policyholders	100,626	(3,257)	97,369
Provision for incurred but not reported claims ("IBNR")	81,387	(1,816)	79,571
	<hr/>	<hr/>	<hr/>
Claim liabilities (i)	182,013	(5,073)	176,940
Premium liabilities (ii)	390,000	(3,568)	386,432
	<hr/>	<hr/>	<hr/>
	572,013	(8,641)	563,372
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>At 30 November 2012</u>			
Provision for claims reported by policyholders	89,192	(2,727)	86,465
Provision for incurred but not reported claims ("IBNR")	76,821	(1,622)	75,199
	<hr/>	<hr/>	<hr/>
Claim liabilities (i)	166,013	(4,349)	161,664
Premium liabilities (ii)	330,022	(3,450)	326,572
	<hr/>	<hr/>	<hr/>
	496,035	(7,799)	488,236
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)****(B) General Insurance (continued)****(i) Claim liabilities****Group and Company**

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 December 2012	166,013	(4,349)	161,664
Claims incurred in the current accident period	137,077	(3,309)	133,768
Movement in claims incurred in prior accident years	636	(1,136)	(500)
Claims paid during the period	(133,124)	3,713	(129,411)
Change in expense liabilities and risk margin	1,366	8	1,374
Others	10,045	-	10,045
At 31 May 2013	<u>182,013</u>	<u>(5,073)</u>	<u>176,940</u>
At 1 December 2011	129,521	(4,495)	125,026
Claims incurred in the current accident year	249,526	(5,635)	243,891
Movement in claims incurred in prior accident years	1,994	29	2,023
Claims paid during the year	(239,919)	6,007	(233,912)
Change in expense liabilities and risk margin	6,571	(255)	6,316
Others	18,320	-	18,320
At 30 November 2012	<u>166,013</u>	<u>(4,349)</u>	<u>161,664</u>
(ii) Premium liabilities			
At 1 December 2012	330,022	(3,450)	326,572
Premiums written in the period	295,379	(5,868)	289,511
Premium earned during the period	(237,307)	5,754	(231,553)
Change in expense liabilities, risk margin and loss ratio	532	(4)	528
Others	1,374	-	1,374
At 31 May 2013	<u>390,000</u>	<u>(3,568)</u>	<u>386,432</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

14 INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(B) General Insurance (continued)

(ii) Premium liabilities (continued)

Group and Company

	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 December 2011	348,630	(3,283)	345,347
Premiums written in the year	403,852	(10,887)	392,965
Premium earned during the year	(416,066)	10,416	(405,650)
Change in expense liabilities, risk margin and loss ratio	(6,398)	304	(6,094)
Others	4	-	4
	<hr/>	<hr/>	<hr/>
At 30 November 2012	330,022	(3,450)	326,572
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 CAPITAL COMMITMENTS

	Group		Company	
	31.05.2013	30.11.2012	31.05.2013	30.11.2012
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property and equipment	93	23	93	23
Intangible assets	6,620	-	6,620	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,713	23	6,713	23
Approved but not contracted for:				
Property and equipment	78,142	6,039	78,142	6,039
Intangible assets	30,610	391	30,610	391
	<hr/>	<hr/>	<hr/>	<hr/>
	108,752	6,430	108,752	6,430
	<hr/>	<hr/>	<hr/>	<hr/>
	115,465	6,453	115,465	6,453
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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

16 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company (excluding participating fund) as at 31 May 2013, as prescribed under the Framework is provided below:

	Company	
	31.05.2013	30.11.2012
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	241,706	241,706
Reserves, including retained earnings	1,655,788	1,790,189
	<u>1,897,494</u>	<u>2,031,895</u>
Tier 2 Capital		
Available-for-sale fair value reserves	129,346	150,898
	<u>129,346</u>	<u>150,898</u>
Amount deducted from Capital	<u>(160,756)</u>	<u>(112,741)</u>
Total Capital Available	<u><u>1,866,084</u></u>	<u><u>2,070,052</u></u>

17 INSURANCE/TAKAFUL FUNDS

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

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

The life insurance/family takaful business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment as well as Investment-linked products.

The General insurance business offers general insurance products which include Personal Accident, Medical, Motor and Fire.

Individual fund revenue, expense, assets and liabilities are those amounts resulting from the operating activities of the respective funds that are directly attributable to the respective funds and the relevant portion that can be allocated on a reasonable basis to the respective funds. Individual fund revenue, expense, assets and fund liabilities are determined before inter-fund balances and inter-fund transactions are eliminated as part of the consolidation process.

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 31 MAY 2013****AT 31 MAY 2013**

<u>Group</u>	<u>Shareholders' and General Fund</u>	<u>Life/ Family Takaful Fund</u>	<u>Inter-fund Elimination</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Assets</u>				
Property, plant and equipment	2,759	167,434	(67)	170,126
Investment properties	-	2,582	-	2,582
Prepaid land lease payments	-	662	-	662
Intangible assets	9,321	9,821	-	19,142
Investment in associate	-	23,893	-	23,893
Available-for-sale financial assets	810,397	2,227,109	(11,822)	3,025,684
Fair value through profit or loss financial assets	-	17,493,888	-	17,493,888
Loans and receivables	1,564,911	1,985,555	(1,523,323)	2,027,143
Reinsurance/retakaful assets	8,641	5,082	-	13,723
Insurance/takaful receivables	144,495	76,802	-	221,297
Cash and cash equivalents	38,099	275,680	-	313,779
Total assets	2,578,623	22,268,508	(1,535,212)	23,311,919
<u>Equity and liabilities</u>				
Total equity	1,697,755	-	(67)	1,697,688
Insurance/takaful contract liabilities	572,013	17,447,679	(11,822)	18,007,870
Deferred tax liabilities	288,511	126,838	-	415,349
Insurance/takaful payables	13,184	2,976,072	-	2,989,256
Current tax liabilities	(19,057)	37,585	-	18,528
Other payables	26,217	1,680,334	(1,523,323)	183,228
Total liabilities	880,868	22,268,508	(1,535,145)	21,614,231
Total equity and liabilities	2,578,623	22,268,508	(1,535,212)	23,311,919

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 31 MAY 2013 (CONTINUED)**

<u>AT 30 NOVEMBER 2012 (restated)</u>	Shareholders' and General Fund	Life/ Family Takaful Fund	Inter-fund Elimination	Total
<u>Group</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Assets</u>				
Property, plant and equipment	1,382	138,170	(67)	139,485
Investment properties	-	38,505	-	38,505
Prepaid land lease payments	-	671	-	671
Intangible assets	858	9,149	-	10,007
Investment in associate	-	22,795	-	22,795
Available-for-sale financial assets	829,373	2,356,133	(11,122)	3,174,384
Fair value through profit or loss financial assets	-	16,805,196	-	16,805,196
Loans and receivables	1,747,332	1,957,801	(1,718,515)	1,986,618
Reinsurance/retakaful assets	7,799	4,249	-	12,048
Insurance/takaful receivables	71,178	82,324	-	153,502
Cash and cash equivalents	71,296	312,712	-	384,008
Total assets	2,729,218	21,727,705	(1,729,704)	22,727,219
<u>Equity and liabilities</u>				
Total equity	1,924,568	-	(67)	1,924,501
Insurance/takaful contract liabilities	496,035	16,501,763	(11,122)	16,986,676
Deferred tax liabilities	268,001	112,599	-	380,600
Insurance/takaful payables	7,701	2,903,180	-	2,910,881
Current tax liabilities	4,072	9,425	-	13,497
Other payables	28,841	2,200,738	(1,718,515)	511,064
Total liabilities	804,650	20,638,051	(1,729,637)	20,802,718
Total equity and liabilities	2,729,218	21,727,705	(1,729,704)	22,727,219

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 31 MAY 2013 (CONTINUED)**

<u>AT 31 MAY 2013</u>	<u>Shareholders'</u> <u>and</u>	<u>Life</u>	<u>Inter-fund</u>	<u>Total</u>
<u>Company</u>	<u>General Fund</u>	<u>Fund</u>	<u>Elimination</u>	<u>RM'000</u>
<u>Assets</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Property, plant and equipment	1,142	167,445	-	168,587
Investment properties	-	2,582	-	2,582
Prepaid land lease payments	-	662	-	662
Intangible assets	9,321	9,821	-	19,142
Investment in subsidiaries	143,000	-	-	143,000
Investment in associate	-	88	-	88
Available-for-sale financial assets	724,965	2,227,109	-	2,952,074
Fair value through profit or loss financial assets	-	17,397,565	-	17,397,565
Loans and receivables	1,561,111	1,985,548	(1,521,372)	2,025,287
Reinsurance assets	8,641	5,082	-	13,723
Insurance receivables	144,495	76,802	-	221,297
Cash and cash equivalents	19,213	252,834	-	272,047
Total assets	2,611,888	22,125,538	(1,521,372)	23,216,054
<u>Equity and liabilities</u>				
Total equity	1,741,404	-	-	1,741,404
Insurance contract liabilities	572,013	17,313,947	-	17,885,960
Deferred tax liabilities	288,511	126,619	-	415,130
Insurance payables	13,184	2,975,031	-	2,988,215
Current tax liabilities	(18,929)	37,390	-	18,461
Other payables	15,705	1,672,551	(1,521,372)	166,884
Total liabilities	870,484	22,125,538	(1,521,372)	21,474,650
Total equity and liabilities	2,611,888	22,125,538	(1,521,372)	23,216,054

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

17 INSURANCE/TAKAFUL FUNDS (CONTINUED)

**STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 31 MAY 2013 (CONTINUED)**

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

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FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****INCOME STATEMENTS BY FUNDS
FOR THE HALF-YEAR ENDED 31 MAY 2013**

<u>31 MAY 2013</u>	Shareholders' and General Fund	Life/ Family Takaful Fund	Inter-fund Elimination	Total
<u>Group</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Operating revenue				
Gross premiums/contributions	301,202	1,457,538	-	1,758,740
Investment income	19,216	481,569	-	500,785
	<u>320,418</u>	<u>1,939,107</u>	<u>-</u>	<u>2,259,525</u>
Gross earned premiums/contributions	241,224	1,457,538	-	1,698,762
Premiums/contributions ceded to reinsurers/retakaful operators	(6,805)	(48,719)	-	(55,524)
Net earned premiums/contributions revenue	<u>234,419</u>	<u>1,408,819</u>	<u>-</u>	<u>1,643,238</u>
Wakalah fee income	19,542	-	(19,542)	-
Investment income	19,216	481,569	-	500,785
Net realised gains	2,167	9,962	-	12,129
Fair value gains	-	496,460	-	496,460
Fee and commission income	13	35	-	48
Other operating expenses	(1,255)	(10,188)	(4,388)	(15,831)
Net income	<u>39,683</u>	<u>977,838</u>	<u>(23,930)</u>	<u>993,591</u>

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FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****INCOME STATEMENTS BY FUNDS****FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

<u>31 MAY 2013</u>	Shareholders' and General Fund	Life/ Family Takaful Fund	Inter-fund Elimination	Total
<u>Group</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Gross benefits and claims paid	(119,632)	(913,602)	-	(1,033,234)
Claims ceded to reinsurers/ retakaful operators	3,323	18,369	-	21,692
Gross change to insurance/ takaful contract liabilities	(16,000)	(945,216)	-	(961,216)
Change in insurance/ takaful contract liabilities ceded to reinsurers/retakaful operators	724	833	-	1,557
Net insurance/takaful benefits and claims	(131,585)	(1,839,616)	-	(1,971,201)
Wakalah fee expense	-	(19,542)	19,542	-
Fee and commission expenses	(45,984)	(180,323)	-	(226,307)
Management expenses	(63,385)	(141,992)	4,388	(200,989)
Taxation of life insurance fund/ family takaful business	-	(72,321)	-	(72,321)
Other expenses	(109,369)	(414,178)	23,930	(499,617)
Profit before share of loss from associate	33,148	132,863	-	166,011
Share of profit from associate	-	1,098	-	1,098
Profit before taxation and surplus transfer	33,148	133,961	-	167,109
Transfer from Revenue Accounts	133,961	(133,961)	-	-
Profit before taxation	167,109	-	-	167,109
Taxation	(31,627)	-	-	(31,627)
Profit for the period	135,482	-	-	135,482

Company No.

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AIA BHD.

(Formerly known as American International Assurance Bhd.)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

17 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS

FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

<u>31 MAY 2012 (restated)</u>	<u>Shareholders'</u>	<u>Life/</u>	<u>Inter-fund</u>	<u>Total</u>
<u>Group</u>	<u>and</u>	<u>Family</u>	<u>Elimination</u>	<u>Total</u>
	<u>General Fund</u>	<u>Takaful Fund</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>		
Operating revenue				
Gross premiums/contributions	246,854	1,352,482	-	1,599,336
Investment income	18,927	446,934	-	465,861
	<u>265,781</u>	<u>1,799,416</u>	<u>-</u>	<u>2,065,197</u>
Gross earned premiums/contributions	214,826	1,352,482	-	1,567,308
Premiums/contributions ceded to reinsurers/retakaful operators	(5,376)	(40,131)	-	(45,507)
Net earned premiums/contributions revenue	<u>209,450</u>	<u>1,312,351</u>	<u>-</u>	<u>1,521,801</u>
Wakalah fee income	14,150	-	(14,150)	-
Investment income	18,927	446,934	-	465,861
Net realised gains	814	2,303	-	3,117
Fair value gains	334	249,618	-	249,952
Other operating expenses	(1,660)	5,457	(4,064)	(267)
Net income	<u>32,565</u>	<u>704,312</u>	<u>(18,214)</u>	<u>718,663</u>

Company No.

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****INCOME STATEMENTS BY FUNDS****FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

<u>31 MAY 2012 (restated)</u>	Shareholders' and General Fund	Life/ Family Takaful Fund	Inter-fund Elimination	Total
<u>Group</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Gross benefits and claims paid	(104,104)	(904,310)	-	(1,008,414)
Claims ceded to reinsurers/ retakaful operators	2,648	14,790	-	17,438
Gross change to insurance/ takaful contract liabilities	(25,336)	(608,760)	-	(634,096)
Change in insurance/ takaful contract liabilities ceded to reinsurers/retakaful operators	(119)	2,973	-	2,854
Net insurance/takaful benefits and claims	(126,911)	(1,495,307)	-	(1,622,218)
Wakalah fee expense	-	(14,150)	14,150	-
Fee and commission expenses	(38,634)	(169,423)	-	(208,057)
Management expenses	(46,970)	(122,968)	4,064	(165,874)
Taxation of life insurance fund/ family takaful business	-	(52,266)	-	(52,266)
Other expenses	(85,604)	(358,807)	18,214	(426,197)
Profit before share of profit from associate	29,500	162,549	-	192,049
Share of profit from associate	-	313	-	313
Profit before taxation and surplus transfer	29,500	162,862	-	192,362
Transfer from Revenue Accounts	162,862	(162,862)	-	-
Profit before taxation	192,362	-	-	192,362
Taxation	(42,275)	-	-	(42,275)
Profit for the period	150,087	-	-	150,087

Company No.

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AIA BHD.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

17 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS

FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

31 MAY 2013

<u>Company</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
Operating revenue				
Gross premiums	301,202	1,408,211	-	1,709,413
Investment income	17,671	479,725	-	497,396
	<u>318,873</u>	<u>1,887,936</u>	<u>-</u>	<u>2,206,809</u>
Gross earned premiums	241,224	1,408,211	-	1,649,435
Premiums ceded to reinsurers	(6,805)	(47,762)	-	(54,567)
Net earned premiums	<u>234,419</u>	<u>1,360,449</u>	<u>-</u>	<u>1,594,868</u>
Investment income	17,671	479,725	-	497,396
Net realised (losses)/gains	(16,568)	9,963	-	(6,605)
Fair value gains	-	495,353	-	495,353
Other operating revenue/(expenses)	18,076	(9,806)	-	8,270
Net income	<u>19,179</u>	<u>975,235</u>	<u>-</u>	<u>994,414</u>

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AIA BHD.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

17 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS

FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

31 MAY 2013

<u>Company</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
Gross benefits and claims paid	(119,632)	(907,584)	-	(1,027,216)
Claims ceded to reinsurers	3,323	18,369	-	21,692
Gross change to insurance contract liabilities	(16,000)	(918,599)	-	(934,599)
Change in insurance contract liabilities ceded to reinsurers	724	833	-	1,557
Net insurance benefits and claims	(131,585)	(1,806,981)	-	(1,938,566)
Fee and commission expenses	(35,347)	(180,323)	-	(215,670)
Management expenses	(44,483)	(141,988)	-	(186,471)
Taxation of life insurance fund	-	(72,046)	-	(72,046)
Other expenses	(79,830)	(394,357)	-	(474,187)
Profit before taxation and surplus transfer	42,183	134,346	-	176,529
Transfer from Revenue Accounts	134,346	(134,346)	-	-
Profit before taxation	176,529	-	-	176,529
Taxation	(37,018)	-	-	(37,018)
Profit for the period	139,511	-	-	139,511

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AIA BHD.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

17 INSURANCE/TAKAFUL FUNDS (CONTINUED)

INCOME STATEMENTS BY FUNDS

FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)

31 MAY 2012 (restated)

<u>Company</u>	Shareholders' and <u>General Fund</u> RM'000	<u>Life Fund</u> RM'000	<u>Inter-fund Elimination</u> RM'000	<u>Total</u> RM'000
Operating revenue				
Gross premiums	246,853	1,312,602	-	1,559,455
Investment income	17,281	448,142	-	465,423
	<u>264,134</u>	<u>1,760,744</u>	<u>-</u>	<u>2,024,878</u>
Gross earned premiums	214,826	1,312,602	-	1,527,428
Premiums ceded to reinsurers	(5,376)	(40,131)	-	(45,507)
Net earned premiums	<u>209,450</u>	<u>1,272,471</u>	<u>-</u>	<u>1,481,921</u>
Investment income	17,281	448,142	-	465,423
Net realised gains	355	2,303	-	2,658
Fair value losses	-	249,460	-	249,460
Other operating income	2,949	2,255	-	5,204
Net income	<u>20,585</u>	<u>702,160</u>	<u>-</u>	<u>722,745</u>

Company No.

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****INCOME STATEMENTS BY FUNDS****FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)**

<u>31 MAY 2012 (restated)</u>	Shareholders' and		Inter-fund	Total
<u>Company</u>	<u>General Fund</u>	<u>Life Fund</u>	<u>Elimination</u>	<u>RM'000</u>
	RM'000	RM'000	RM'000	RM'000
Gross benefits and claims paid	(104,104)	(902,806)	-	(1,006,910)
Claims ceded to reinsurers	2,648	14,790	-	17,438
Gross change to insurance contract liabilities	(25,336)	(587,988)	-	(613,324)
Change in insurance contract liabilities ceded to reinsurers	(119)	2,973	-	2,854
Net insurance benefits and claims	(126,911)	(1,473,031)	-	(1,599,942)
Fee and commission expenses	(30,632)	(169,423)	-	(200,055)
Management expenses	(35,735)	(117,084)	-	(152,819)
Taxation of life insurance fund	-	(52,231)	-	(52,231)
Other expenses	(66,367)	(338,738)	-	(405,105)
Profit before taxation and surplus transfer	36,757	162,862	-	199,619
Transfer from Revenue Accounts	162,862	(162,862)	-	-
Profit before taxation	199,619	-	-	199,619
Taxation	(40,921)	-	-	(40,921)
Profit for the period	158,698	-	-	158,698

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AIA BHD.**(Formerly known as American International Assurance Bhd.)****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 MAY 2013 (CONTINUED)****17 INSURANCE/TAKAFUL FUNDS (CONTINUED)****STATEMENTS OF FINANCIAL POSITION FOR INVESTMENT-LINKED FUNDS
AS AT 31 MAY 2013**

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2013</u>	<u>30.11.2012</u>	<u>31.05.2013</u>	<u>30.11.2012</u>
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Fair value through profit or loss financial assets	2,665,204	2,238,554	2,638,092	2,218,478
Loans and receivables	29,381	21,720	29,215	21,288
Current tax assets	-	1,139	-	1,173
Cash and cash equivalents	97,759	144,519	95,049	143,835
Total assets	2,792,344	2,405,932	2,762,356	2,384,774
<u>Liabilities</u>				
Other payables	17,020	13,274	14,768	12,969
Deferred tax liabilities	22,075	11,258	21,909	11,188
Current tax liabilities	5,529	-	5,433	-
Total liabilities	44,624	24,532	42,110	24,157
Net asset value of funds	2,747,720	2,381,400	2,720,246	2,360,617

**INCOME STATEMENTS FOR INVESTMENT-LINKED FUNDS
FOR THE HALF-YEAR ENDED 31 MAY 2013**

	<u>Group</u>		<u>Company</u>	
	<u>31.05.2013</u>	<u>31.05.2012</u>	<u>31.05.2013</u>	<u>31.05.2012</u>
	RM'000	RM'000	RM'000	RM'000
Investment income	40,127	30,616	39,713	30,306
Realised (losses)/gains	(5,741)	1,093	(5,581)	1,210
Fair value gains	226,935	49,944	225,898	49,979
	261,321	81,653	260,030	81,495
Management expenses	(14,443)	(12,053)	(14,443)	(12,053)
Profit before taxation	246,878	69,600	245,587	69,442
Taxation	(18,331)	(4,686)	(18,180)	(4,651)
Profit for the period	228,547	64,914	227,407	64,791