

Company No.

935955	M
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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

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

Company No.

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

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

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AIA PUBLIC TAKAFUL BHD
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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30.06.2019			31.12.2018		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
ASSETS							
Property and equipment		607	-	607	617	-	617
Intangible assets		2,927	-	2,927	2,169	-	2,169
Right-of-use assets		2,131	-	2,131	-	-	-
Financial Assets - available-for-sale	11(a)	180,661	5,395	186,056	106,756	5,303	112,059
Financial Assets - fair value through profit or loss	11(a)	8,103	903,541	911,644	7,861	756,606	764,467
Loan and receivables	12	1,289	72,416	73,705	1,265	64,961	66,226
Al-qard al-hasan receivable		55,053	-	-	55,053	-	-
Other receivables	13	39,150	4,371	14,487	43,499	4,917	15,381
Retakaful assets	15	-	8,639	8,639	-	9,661	9,661
Takaful certificates receivables	14	-	7,972	7,972	-	11,121	11,121
Tax recoverables		1,987	(1,601)	386	-	-	-
Deferred tax assets		-	-	-	(155)	1,937	1,782
Cash and bank balances		37,596	189,061	226,657	112,420	173,914	286,334
Total assets		<u>329,504</u>	<u>1,189,794</u>	<u>1,435,211</u>	<u>329,485</u>	<u>1,028,420</u>	<u>1,269,817</u>
EQUITY							
Share capital		300,000	-	300,000	300,000	-	300,000
General reserves		(33,333)	-	(33,333)	(33,333)	-	(33,333)
Accumulated losses		(28,853)	(55,053)	(83,906)	(33,096)	(55,053)	(88,149)
Available-for-sale fair value reserves		5,687	37	5,724	228	(52)	176
Total equity		<u>243,501</u>	<u>(55,016)</u>	<u>188,485</u>	<u>233,799</u>	<u>(55,105)</u>	<u>178,694</u>

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

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AIA PUBLIC TAKAFUL BHD
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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (CONTINUED)

	Note	30.06.2019			31.12.2018		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
LIABILITIES							
Expense liabilities		8,472	-	8,472	7,583	-	7,583
Takaful contract liabilities	15	-	1,115,347	1,115,347	-	919,787	919,787
Takaful certificates payables		-	18,148	18,148	-	29,400	29,400
Deferred tax liabilities		1,807	2,817	4,624	-	-	-
Al-qard al-hasan payable		-	55,053	-	-	55,053	-
Lease liabilities		2,148	-	2,148	-	-	-
Other payables	16	73,576	53,445	97,987	89,115	77,854	133,934
Taxation		-	-	-	(1,012)	1,431	419
Total liabilities		<u>86,003</u>	<u>1,244,810</u>	<u>1,246,726</u>	<u>95,686</u>	<u>1,083,525</u>	<u>1,091,123</u>
Total equity and liabilities		<u>329,504</u>	<u>1,189,794</u>	<u>1,435,211</u>	<u>329,485</u>	<u>1,028,420</u>	<u>1,269,817</u>

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

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AIA PUBLIC TAKAFUL BHD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	6 months ended 30.06.2019			6 months ended 30.06.2018		
	Shareholders' fund	Family takaful fund	Company	Shareholders' fund	Family takaful fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	-	463,128	463,128	-	386,839	386,839
Contributions ceded to retakaful	-	(12,214)	(12,214)	-	(9,720)	(9,720)
Net earned contributions	-	450,914	450,914	-	377,119	377,119
Investment income	4,120	18,841	22,961	2,565	15,890	18,455
Fees and commission income	159,438	68	68	135,123	30	30
Fair value gains /(losses)	335	46,402	46,737	150	(33,716)	(33,566)
Other operating income	2,115	-	2,115	1,457	52	1,509
Total revenue	166,008	516,225	522,795	139,295	359,375	363,547
Gross benefits and claims paid	-	(159,614)	(159,614)	-	(154,794)	(154,794)
Claims ceded to retakaful operator	-	8,765	8,765	-	3,281	3,281
Gross change to certificate liabilities	-	(196,583)	(196,583)	-	(81,134)	(81,134)
Change in Takaful contract liabilities ceded to retakaful operator	-	(1,022)	(1,022)	-	8,461	8,461
Net benefits and claims	-	(348,454)	(348,454)	-	(224,186)	(224,186)

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AIA PUBLIC TAKAFUL BHD
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

	6 months ended 30.06.2019			6 months ended 30.06.2018		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Fees and commission expenses	(103,264)	(159,438)	(103,264)	(89,547)	(135,123)	(89,547)
Management expenses	(54,961)	(924)	(55,885)	(49,869)	(511)	(50,380)
Other operating expenses	(106)	(2,066)	(2,172)	(174)	(1,373)	(1,547)
Change to expense liability	(889)	-	(889)	192	-	192
Bad and doubtful debts	-	(8)	(8)	(49)	-	(49)
Other expenses	(159,220)	(162,436)	(162,218)	(139,447)	(137,007)	(141,331)
Profit/(loss) before taxation	6,788	5,335	12,123	(152)	(1,818)	(1,970)
Tax expense attributable to participants	-	(5,335)	(5,335)	-	1,818	1,818
Profit/(loss) before taxation attributable to shareholders	6,788	-	6,788	(152)	-	(152)
Taxation	(2,545)	(5,335)	(7,880)	(2,249)	1,818	(431)
Tax expense attributable to participants	-	5,335	5,335	-	(1,818)	(1,818)
Tax expense attributable to shareholders	(2,545)	-	(2,545)	(2,249)	-	(2,249)
Net profit/(loss) for the period	4,243	-	4,243	(2,401)	-	(2,401)
Profit/(loss) per share (sen): Basic and diluted			1.41			(1.19)

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019 (CONTINUED)

	6 months ended 30.06.2019			6 months ended 30.06.2018		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Net profit/(loss) for the period	4,243	-	4,243	(2,401)	-	(2,401)
Other comprehensive income/(loss):						
<u>Items that may be subsequently reclassified to profit or loss</u>						
Fair value change of available-for-sale financial assets	7,130	-	7,130	(680)	-	(680)
Deferred taxation	(1,670)	(8)	(1,678)	-	-	-
Change in Takaful contract liabilities arising from unrealised fair value changes	-	96	96	-	(1)	(1)
Other comprehensive income/(loss) for the period	5,460	88	5,548	(680)	(1)	(681)
Total comprehensive income/(loss) for the period	9,703	88	9,791	(3,081)	(1)	(3,082)

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

	Share capital RM'000	General reserves RM'000	Non- distributable available- for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2019	300,000	(33,333)	176	(88,149)	178,694
Total comprehensive income for the financial period	-	-	5,548	4,243	9,791
At 30 June 2019	<u>300,000</u>	<u>(33,333)</u>	<u>5,724</u>	<u>(83,906)</u>	<u>188,485</u>
At 1 January 2018	200,000	(33,333)	84	(67,211)	99,540
Total comprehensive loss for the financial period	-	-	(681)	(2,401)	(3,082)
At 30 June 2018	<u>200,000</u>	<u>(33,333)</u>	<u>(597)</u>	<u>(69,612)</u>	<u>96,458</u>

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AIA PUBLIC TAKAFUL BHD
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019**

	<u>30.06.2019</u> RM'000	<u>30.06.2018</u> RM'000
Cash flows from operating activities		
Profit/(loss) before taxation for the financial period	12,123	(1,970)
Adjustments for:		
Bad and doubtful debts	8	49
Depreciation of property and equipment	111	127
Amortisation of intangible assets	825	730
Net amortisation of premium on investments	399	282
Profit Income	(19,885)	(15,426)
Dividend Income	(3,475)	(3,311)
Fair value (gains)/losses on fair value through profit or loss (FVTPL) financial assets	(58,050)	30,197
Write off of property and equipment	10	-
Operating (loss)/income before working capital changes	<u>(67,934)</u>	<u>10,678</u>
Increase in loan and receivables	(6,550)	(970)
Decrease/(Increase) in other receivables	886	(5,204)
Decrease/(Increase) in Retakaful assets	1,022	(8,451)
Decrease/(Increase) in takaful certificates receivables	3,149	(2,083)
Increase in net Takaful contract liabilities	195,560	89,587
(Decrease)/Increase in Takaful certificates payables	(11,252)	7,384
Decrease in other payables	(35,947)	(7,764)
Increase/(Decrease) in expenses liabilities	889	(192)
Increase in financial assets	(154,957)	(109,394)
Cash used in operating activities	<u>(75,134)</u>	<u>(26,409)</u>
Income tax paid	(3,957)	(2,211)
Profit income received	17,180	14,309
Dividend received	3,911	3,255
Net cash used in operating activities	<u>(58,000)</u>	<u>(11,056)</u>
Cash flow from investing activities		
Purchase of property and equipment	(111)	(44)
Purchase of intangible assets	(1,583)	(570)
Net cash used in investing activities	<u>(1,694)</u>	<u>(614)</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019 (CONTINUED)

	<u>30.06.2019</u> RM'000	<u>30.06.2018</u> RM'000
Cash flow from financing activities		
Finance cost	17	-
	<u>17</u>	<u>-</u>
Net cash generated from financing activities	<u>17</u>	<u>-</u>
Net decrease in cash and cash equivalents	(59,677)	(11,670)
Cash and cash equivalents at the beginning of the period	<u>286,334</u>	<u>172,942</u>
Cash and cash equivalents at the end of the period	<u>226,657</u>	<u>161,272</u>
Cash and cash equivalents comprise:		
Cash and bank balances	142,297	101,028
Fixed deposit with licensed Islamic bank	84,360	60,244
	<u>226,657</u>	<u>161,272</u>

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AIA PUBLIC TAKAFUL BHD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

1 CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of principal place of business and registered office of the Company are as follows:

Principal place of business

Level 14, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

Registered office

Level 29, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

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

The unaudited condensed interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 August 2019.

2 BASIS OF PREPARATION

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

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

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the 13 months period ended 31 December 2018.

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

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES

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

- 3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Company'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 15 'Revenue from contracts with customers'
- MFRS 16 'Leases'
- MFRS 9 'Financial Instruments' replaces MFRS 139 'Financial Instruments: Recognition and Measurement'
- Amendment to MFRS 4 Insurance Contracts - Applying MFRS 9 'Financial Instruments' with MFRS 4 'Insurance Contracts'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 112 'Income Taxes'

The Company has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9 'Financial Instruments' with MFRS 4 'Insurance Contracts' which enable eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2021 at the latest. Hence the Company has not adopted MFRS 9 for the financial year beginning on or after 1 January 2018.

- 3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective.

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

Financial year beginning on/after 1 January 2021

- MFRS 17 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 certificate holder are not within the scope of MFRS 17. Embedded derivatives may 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.

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

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

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

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

MFRS 17 requires a current measurement model where estimates are re-measured 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 is related to financial risks either in profit or loss or in other comprehensive income.

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 certificate holder 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, judgments and risks arising from insurance contracts.

The Company has not fully assessed the impact of MFRS 17 on its financial statements.

The Company is reviewing the adoption of the above accounting standards, amendments to published standards and interpretation to existing standards and will complete the process prior to the reporting requirement deadline. The Company has not finalised any impact on the financial statements on the adoption of the above accounting standards.

All other new amendments to published standards and interpretations to existing standards issued by MASB effective for financial periods subsequent to 1 January 2019 are not relevant to the Company.

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

4 SEASONALITY OF OPERATIONS

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

5 UNUSUAL ITEMS

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

6 CHANGES IN ESTIMATES

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

7 ISSUANCE FOR REPAYMENT OF DEBT AND EQUITY SECURITIES

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

8 DIVIDENDS

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

9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the financial period ended 30 June 2019 that have not been reflected in the condensed interim financial statements.

10 SIGNIFICANT EVENTS

There were no significant events subsequent to the financial period ended 30 June 2019 that have not been reflected in the condensed interim financial statements.

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

11 FINANCIAL ASSETS

(a) The Company's financial assets are as follows:

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2019</u>			
Financial assets - available-for-sale (AFS):			
Government investment issues	53,938	2,532	56,470
Unquoted corporate sukuks	124,455	2,820	127,275
Income due and accrued	2,268	43	2,311
	<u>180,661</u>	<u>5,395</u>	<u>186,056</u>
Financial assets at FVTPL:			
Government investment issues	-	155,297	155,297
Unquoted corporate sukuks	-	426,526	426,526
Quoted shariah approved shares	-	288,486	288,486
Unquoted shariah approved equities	8,103	12,418	20,521
Shariah approved unit trusts	-	9,396	9,396
Quoted real estate investment trust fund	-	4,431	4,431
Income due and accrued	-	6,987	6,987
	<u>8,103</u>	<u>903,541</u>	<u>911,644</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(a) The Company's financial assets are as follows: (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>31.12.2018</u>			
Financial assets - available-for-sale (AFS):			
Government investment issues	46,180	2,457	48,637
Unquoted corporate sukus	59,381	2,802	62,183
Income due and accrued	1,195	44	1,239
	<u>106,756</u>	<u>5,303</u>	<u>112,059</u>
Financial assets at FVTPL:			
Government investment issues	-	135,973	135,973
Unquoted corporate sukus	-	373,140	373,140
Quoted shariah approved shares	-	221,064	221,064
Unquoted shariah approved equities	7,861	10,932	18,793
Shariah approved unit trusts	-	8,779	8,779
Income due and accrued	-	6,718	6,718
	<u>7,861</u>	<u>756,606</u>	<u>764,467</u>

(b) Movement in carrying values

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>AFS</u>			
At 1 January 2018	83,949	6,494	90,443
Purchases	56,970	-	56,970
Disposals at amortised cost	(34,551)	(1,200)	(35,751)
Fair value gains recorded in:			
Other comprehensive income	118	42	160
Amortisation of premiums – net	(111)	(11)	(122)
Movement of investment income due and accrued	381	(22)	359
At 31 December 2018	<u>106,756</u>	<u>5,303</u>	<u>112,059</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values (continued)

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>AFS (continued)</u>			
At 1 January 2019	106,756	5,303	112,059
Purchases	71,575	-	71,575
Disposals at amortised cost	(5,766)	-	(5,766)
Fair value gains recorded in:			
Other comprehensive income	7,130	96	7,226
Amortisation of premiums – net	(107)	(3)	(110)
Movement of investment income due and accrued	1,073	(1)	1,072
	<u>180,661</u>	<u>5,395</u>	<u>186,056</u>
At 30 June 2019	<u>180,661</u>	<u>5,395</u>	<u>186,056</u>
<u>FVTPL</u>			
At 1 January 2018	7,842	588,027	595,869
Purchases	400	371,596	371,996
Disposals at fair value	(400)	(172,745)	(173,145)
Fair value gains/(losses) recorded in:			
Profit or loss	19	(31,175)	(31,156)
Amortisation of premiums – net	-	(472)	(472)
Movement of investment income due and accrued	-	1,375	1,375
	<u>7,861</u>	<u>756,606</u>	<u>764,467</u>
At 31 December 2018	<u>7,861</u>	<u>756,606</u>	<u>764,467</u>
Purchases	-	174,615	174,615
Disposals at fair value	-	(85,467)	(85,467)
Fair value gains recorded in:			
Profit or loss	242	57,807	58,049
Amortisation of premiums – net	-	(289)	(289)
Movement of investment income due and accrued	-	269	269
	<u>8,103</u>	<u>903,541</u>	<u>911,644</u>
At 30 June 2019	<u>8,103</u>	<u>903,541</u>	<u>911,644</u>

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

11 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy

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

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>AFS</u>		
<u>Shareholders' fund</u>		
Valuation techniques – market observable inputs (Level 2)	<u>180,661</u>	<u>106,756</u>
<u>Family Takaful fund</u>		
Valuation techniques – market observable inputs (Level 2)	<u>5,395</u>	<u>5,303</u>
<u>Company</u>		
Valuation techniques – market observable inputs (Level 2)	<u>186,056</u>	<u>112,059</u>
<u>FVTPL</u>		
<u>Shareholders' fund</u>		
Valuation techniques – market observable inputs (Level 2)	<u>8,103</u>	<u>7,861</u>
<u>Family Takaful fund</u>		
Quoted market price (Level 1)	302,624	230,589
Valuation techniques – market observable inputs (Level 2)	<u>600,917</u>	<u>526,017</u>
	<u>903,541</u>	<u>756,606</u>
<u>Company</u>		
Quoted market price (Level 1)	302,624	230,589
Valuation techniques – market observable inputs (Level 2)	<u>609,020</u>	<u>533,878</u>
	<u>911,644</u>	<u>764,467</u>

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11 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

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

Level 1:

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

Level 2:

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

Level 3:

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

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11 FINANCIAL ASSETS (CONTINUED)

(d) Interests in structured entities

The Company has determined that the investment funds in mutual funds are structured entities.

The following table summarizes the Company's interest in unconsolidated structured entities as at 30 Jun 2019 and 31 December 2018:

	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
Investment Funds (1)		
Equity securities at fair value through profit or loss	9,396	8,779
	<u> </u>	<u> </u>

Notes:

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

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

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

12 LOAN AND RECEIVABLES

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.06.2019</u>			
Loans and receivables:			
Islamic investment accounts with licensed Islamic Bank	1,260	71,330	72,590
Accrued profit	29	1,086	1,115
	<u>1,289</u>	<u>72,416</u>	<u>73,705</u>

31.12.2018

Loans and receivables:			
Islamic investment accounts with licensed Islamic Bank	1,260	64,780	66,040
Accrued profit	5	181	186
	<u>1,265</u>	<u>64,961</u>	<u>66,226</u>

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

	Shareholders' fund <u>%</u>	Family Takaful fund <u>%</u>	<u>Company</u> <u>%</u>
<u>30.06.2019</u>			
Loans and receivables:			
Islamic investment accounts with licensed Islamic Bank	<u>3.87</u>	<u>3.69</u>	<u>3.70</u>
<u>31.12.2018</u>			
Loans and receivables:			
Islamic investment accounts with licensed Islamic Bank	<u>3.87</u>	<u>3.83</u>	<u>3.84</u>

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

13 OTHER RECEIVABLES

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

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2019</u>			
Due from Family Takaful fund (Note 16)	29,034	-	-
Other receivables and deposits	12,271	4,371	16,642
Allowance for impairment	(2,155)	-	(2,155)
	<u>39,150</u>	<u>4,371</u>	<u>14,487</u>

31.12.2018

Due from Family Takaful fund (Note 16)	33,035	-	-
Due from related company	4	-	4
Other receivables and deposits	12,615	4,917	17,532
Allowance for impairment	(2,155)	-	(2,155)
	<u>43,499</u>	<u>4,917</u>	<u>15,381</u>

Movement in allowance for impairment

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2019</u>			
At 1 January / 30 June	<u>(2,155)</u>	<u>-</u>	<u>(2,155)</u>
<u>31.12.2018</u>			
At 1 January	(1,500)	-	(1,500)
Allowance for impairment during the year	(655)	-	(655)
At 31 December	<u>(2,155)</u>	<u>-</u>	<u>(2,155)</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
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14 TAKAFUL CERTIFICATES RECEIVABLES

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>Family Takaful fund/Company</u>		
Due contribution including from agents/ brokers and co-takaful	16,006	19,155
Allowance for impairment	(8,034)	(8,034)
	<hr/>	<hr/>
Net amount of financial assets presented in the statement of financial position	<u>7,972</u>	<u>11,121</u>
	<hr/>	<hr/>
Receivable within 6 or 12 months	7,972	11,121

The following table shows the assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at the end of the financial period 30 June 2019 and financial year ended 31 December 2018:

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>Offsetting financial assets and financial liabilities</u>		
Gross amount of recognised financial assets	17,019	19,991
Less:		
Gross amount of recognised financial liabilities set off in the statement of financial position	(1,013)	(836)
	<hr/>	<hr/>
Net amount of financial assets presented in the statement of financial position	<u>16,006</u>	<u>19,155</u>
	<hr/>	<hr/>
<u>Movement in allowance for impairment</u>		
At 1 January	(8,034)	(7,161)
Allowance during the financial period/year		
- borne by Shareholders' fund	-	(242)
- borne by Family Takaful fund	-	(631)
	<hr/>	<hr/>
At 30 June/31 December	<u>(8,034)</u>	<u>(8,034)</u>
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019 (CONTINUED)

15 TAKAFUL CONTRACT LIABILITIES

Family Takaful fund/Company

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
<u>30.06.2019</u>			
Participants' Risk Fund			
Claims liabilities	55,816	(9,303)	46,513
Actuarial liabilities	158,258	664	158,922
Net asset value attributable to certificate holders	791,673	-	791,673
AFS fair value adjustment	40	-	40
Underwriting profit attributable to participants	-	-	-
Unallocated surplus	109,560	-	109,560
	<u>1,115,347</u>	<u>(8,639)</u>	<u>1,106,708</u>
<u>31.12.2018</u>			
Participants' Risk Fund			
Claims liabilities	54,663	(8,936)	45,727
Actuarial liabilities	128,159	(725)	127,434
Net asset value attributable to certificate holders	667,195	-	667,195
AFS fair value adjustment	(56)	-	(56)
Underwriting profit attributable to participants	15,000	-	15,000
Unallocated surplus	54,826	-	54,826
	<u>919,787</u>	<u>(9,661)</u>	<u>910,126</u>

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

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

<u>Family Takaful fund/Company</u>	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
Movement of Takaful contract liabilities:			
<u>30.06.2019</u>			
At 1 January 2019	919,787	(9,661)	910,126
Increase/(decrease) in claims liabilities	1,153	(367)	786
Certificate movement	30,099	1,389	31,488
Increase in net asset value			
attributable to certificate holders	124,478	-	124,478
Increase in AFS fair value adjustment	96	-	96
Decrease in underwriting profit			
distributable to participants	(15,000)	-	(15,000)
Unallocated surplus	54,734	-	54,734
	<u>1,115,347</u>	<u>(8,639)</u>	<u>1,106,708</u>
At 30 June 2019	<u>1,115,347</u>	<u>(8,639)</u>	<u>1,106,708</u>
<u>31.12.2018</u>			
At 1 January 2018	712,481	(4,010)	708,471
Increase/(decrease) in claims liabilities	21,288	(5,783)	15,505
Certificate movement	12,740	132	12,872
Increase in net asset value			
attributable to certificate holders	170,713	-	170,713
Increase in AFS fair value adjustment	42	-	42
Decrease in underwriting profit			
distributable to participants	(3,250)	-	(3,250)
Unallocated surplus	5,773	-	5,773
	<u>919,787</u>	<u>(9,661)</u>	<u>910,126</u>
At 31 December 2018	<u>919,787</u>	<u>(9,661)</u>	<u>910,126</u>

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

16 OTHER PAYABLES

	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000
<u>30.06.2019</u>			
Sundry payables	11,017	17,768	28,785
Accruals and provisions	32,736	6,613	39,349
Due to shareholders' fund (Note 13)	-	29,034	-
Due to related company	29,823	30	29,853
	<u>73,576</u>	<u>53,445</u>	<u>97,987</u>
<u>31.12.2018</u>			
Sundry payables	21,525	23,714	45,239
Accruals and provisions	30,919	20,758	51,677
Due to shareholders' fund (Note 13)	-	33,035	-
Due to related company	36,671	347	37,018
	<u>89,115</u>	<u>77,854</u>	<u>133,934</u>

* Total amounts in Shareholders' fund and Family Takaful fund do not equate amount in Company due to elimination of inter-fund balances

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

17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2019 and 31 December 2018, as prescribed under Risk-Based Capital Framework for Takaful Operators (“RBCT Framework”) are as follows:

Company	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>Tier 1 Capital</u>		
Share capital	300,000	300,000
Accumulated losses	(28,853)	(33,096)
Valuation surplus maintained in the Family Takaful funds	22,479	8,760
	<u>293,626</u>	<u>275,664</u>
<u>Tier 2 Capital</u>		
General reserves	(33,333)	(33,333)
Available for sale reserves	5,724	176
Al-qard al-hasan	55,053	55,053
	<u>27,444</u>	<u>21,896</u>
Amount deducted from Tier 1 and Tier 2 capital	57,980	57,245
Total Capital Available	<u>271,427</u>	<u>240,315</u>

18 CAPITAL COMMITMENTS

The capital commitments of the Company as at the end of the financial period/year are as follows:

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
Capital expenditure:		
Approved and contracted for:		
Intangible assets	<u>1,315</u>	<u>76</u>

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

Included in the unaudited condensed interim Income Statement for financial period ended 30 June 2019 and financial year ended 31 December 2018, and unaudited condensed Statement of Financial Position as at 30 June 2019 and 31 December 2018 of the Family Takaful fund are the segmental information for the investment-linked Takaful funds.

(a) Statement of Income and Expenditure

	<u>30.06.2019</u>	<u>30.06.2018</u>
	RM'000	RM'000
Investment income	4,532	3,363
Net fair value gains/(losses)	18,507	(24,299)
	<u>23,039</u>	<u>(20,936)</u>
Other operating expenses	(2,067)	(1,373)
Profit/(loss) before taxation	20,972	(22,309)
Taxation	(1,624)	1,824
Profit/(loss) after taxation	<u><u>19,348</u></u>	<u><u>(20,485)</u></u>

(b) Statement of Financial Position

	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
ASSETS		
Financial assets at FVTPL:		
Government investment issues	3,446	9,355
Unquoted corporate sukuku	49,668	35,602
Quoted shariah approved shares	231,051	178,254
Unquoted shariah approved equities	7,974	6,530
Shariah approved unit trust fund	13,216	8,779
Income due and accrued	842	1,059
Other receivables	355	1,423
Tax recoverable	1,611	414
Deferred tax assets	-	1,681
Cash and cash equivalents	58,880	43,992
Total assets	<u><u>367,043</u></u>	<u><u>287,089</u></u>

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19 INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)

(b) Statement of Financial Position (continued)

	<u>30.06.2019</u>	<u>31.12.2018</u>
	RM'000	RM'000
LIABILITIES		
Other payables	514	10,550
Deferred tax liabilities	722	-
Total liabilities	<u>1,236</u>	<u>10,550</u>
Net asset value of funds	<u>365,807</u>	<u>276,539</u>