

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For The Financial Period From
1 January 2019 To 30 June 2019

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

CONTENTS	PAGES
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION	1
UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS	2
UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	3
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY	4 - 5
UNAUDITED CONDENSED STATEMENTS OF CASH FLOW	6
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	7 - 18

Company No.

1249516	V
---------	---

ZURICH GENERAL INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30.06.2019 RM'000	31.12.2018 RM'000
ASSETS			
Property, plant and equipment		14,305	15,502
Right-of-use assets		16,141	-
Intangible asset	13	39,556	-
Investment properties		11,960	11,960
Available-for-sale financial assets	15	1,247,565	1,146,385
Reinsurance assets	17	240,684	206,608
Insurance receivables		48,344	51,916
Loans and receivables		73,948	68,687
Tax recoverable		5,714	5,714
Cash and cash equivalents		36,148	54,019
Total assets		1,734,365	1,560,791
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Retained earnings		82,547	45,735
Capital contribution reserve		224,792	224,792
Available-for-sale reserve		32,371	15,624
Total equity		439,710	386,151
Insurance contract liabilities	18	998,317	915,156
Deferred tax liabilities		9,566	5,016
Lease liabilities		16,099	-
Other liabilities		144,865	123,285
Insurance payables		121,351	123,091
Current tax liabilities		4,457	8,092
Total liabilities		1,294,655	1,174,640
Total equity and liabilities		1,734,365	1,560,791

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

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
Gross earned premiums	378,264	336,630
Premiums ceded to reinsurers	(65,933)	(62,470)
Net earned premiums	312,331	274,160
Investment income	21,303	13,810
Realised losses	1,114	(396)
Fee and commission income	7,237	7,828
Other revenue	29,654	21,242
Total revenue	341,985	295,402
Gross claims paid	(164,000)	(147,543)
Claims ceded to reinsurers	18,433	20,481
Gross change to contract liabilities	(77,497)	(24,886)
Change in contract liabilities ceded to reinsurers	41,001	(2,879)
Net claims	(182,063)	(154,827)
Fee and commission expenses	(42,734)	(38,478)
Management expenses	(76,546)	(84,444)
Other operating income - net	2,285	1,902
Other expenses	(116,995)	(121,020)
Operating profit	42,927	19,555
Finance costs	(353)	-
Profit before taxation	42,574	19,555
Taxation	(5,639)	(3,360)
Net profit for the financial period	36,935	16,195
BASIC EARNINGS PER SHARE (SEN)	36.94	16.20

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

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

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

	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
Net profit for the financial period	36,935	16,195
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Fair value change on available-for-sale financial assets, net of deferred tax:		
- Gross fair value change arising during the financial period	23,149	(1,962)
- Gross fair value transferred to statement of profit or loss	(1,114)	396
- Deferred tax	(5,288)	376
Other comprehensive income/(loss) for the financial period, net of tax	16,747	(1,190)
Total comprehensive income for the financial period	53,682	15,005

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

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)

	Issued and fully paid ordinary shares		Non-distributable Available- for-sale fair value reserve	Distributable Retained earnings	Total
	Share capital	Capital contribution reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2019	100,000	224,792	15,624	45,735	386,151
Effects of adoption of MFRS 16	-	-	-	(123)	(123)
As restated	100,000	224,792	15,624	45,612	386,028
Net profit for the financial period	-	-	-	36,935	36,935
Other comprehensive income for the financial period	-	-	16,747	-	16,747
At 30 June 2019	100,000	224,792	32,371	82,547	439,710

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

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTINUED)

	Issued and fully paid ordinary shares		Non-distributable Available- for-sale fair value reserve	Distributable Retained earnings	Total
	Share capital	Capital contribution reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000
At date of incorporation	*	-	-	-	*
Issuance of shares during the financial period	100,000	-	-	-	100,000
Reserves arising from Business Transfer	-	118,492	9,646	-	128,138
Increase in capital reserve during the financial period**	-	106,300	-	-	106,300
Net profit for the financial period	-	-	-	16,195	16,195
Other comprehensive loss for the financial period	-	-	(1,190)	-	(1,190)
At 30 June 2018	100,000	224,792	8,456	16,195	349,443

* Represents 2 ordinary shares.

** Capital contribution from the Shareholder's fund of Zurich Life Insurance Malaysia Berhad which comprise Malaysian Government Securities, Government Investment Issues and corporate debt securities of RM104,220,000 and cash of RM2,080,000.

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

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	6 months ended 30.06.2019 RM'000	6 months ended 30.06.2018 RM'000
OPERATING ACTIVITIES		
Cash generated/(utilised) in operating activities	13,314	(207,198)
Arising from Business Transfer	-	37,823
Dividend/distribution income received	21,090	11,043
Interest/profit income received	436	4,085
Rental income on investment properties received	(274)	(99)
Interest expense on lease liabilities	(353)	-
Income tax paid	(9,974)	(5,526)
Net cash inflows/(outflows) from operating activities	<u>24,239</u>	<u>(159,872)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(115)	(242)
Purchase of intangible asset	<u>(40,000)</u>	<u>-</u>
Net cash outflows from investing activities	<u>(40,115)</u>	<u>(242)</u>
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	100,000
Reserve arising from Business Transfer	-	118,492
Increase in capital contribution reserve	-	2,080
Payment of lease liabilities	(1,995)	-
Net cash (outflows)/inflows from financing activities	<u>(1,995)</u>	<u>220,572</u>
Net (decrease)/increase in cash and cash equivalents	(17,871)	60,458
Cash and cash equivalents at the beginning of the financial period	54,019	*
Cash and cash equivalents at the end of the financial period	<u>36,148</u>	<u>60,458</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>36,148</u>	<u>60,458</u>

* Represents RM2.00.

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

ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**1. 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 unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial period from 3 October 2017 (date of incorporation) to 31 December 2018, which were prepared in accordance with the MFRS and International Financial Reporting Standards ("IFRS").

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial period ended 31 December 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial period from 3 October 2017 (date of incorporation) to 31 December 2018, except for the adoption of the following:

<u>MFRSs / Interpretations / Amendments</u>	<u>Effective date</u>
MFRS 16 'Leases'	1 January 2019
IC Interpretation 23 'Uncertainty over Income Tax Treatments'	1 January 2019
Amendment to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019

MFRS 9 "Financial Instruments" replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities and on hedge accounting, effective for annual periods beginning on or after 1 January 2018.

The Company has applied the temporary exemption under Amendments to MFRS 4 – Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contract which enables 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.

Amendments to MFRS 4 - Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts"

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

Company No.

1249516

V

ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments provide 2 different approaches for entities:

- a temporary exemption from MFRS 9 for entities that meet specific requirements; and
- the overlay approach. Both approaches are optional.

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

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

The additional disclosures required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, in Note 20, shows the Company's fair value and carrying value of financial assets separately between financial assets with contractual cash flows that are solely payments of principal and interest ("SPPI") and other financial assets. Other financial assets consist of assets with contractual cash flows that are not SPPI and assets measured at fair value through profit or loss under MFRS 139.

The adoption of the above mentioned standards, amendments and interpretations issued by Malaysian Accounting Standards Board ("MASB") in the current financial year did not have any material impact to the unaudited condensed interim financial statements of the Company except for adoption of MFRS 16, the details and financial effects of the adoption of MFRS 16 are disclosed in Note 3 Changes in Accounting Policies.

3. CHANGES IN ACCOUNTING POLICIES

MFRS 16, Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Lease - Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

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

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

The Company adopted MFRS 16 with effect from 1 January 2019 using the modified retrospective approach, and measured the right-of-use asset and corresponding discounted lease liability, under which no restatement of comparative numbers is required. The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

The Company has applied judgement to determine the lease term for lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such option impacts the lease term, which can significantly affect the amount of lease liabilities and right-of-use assets recognised.

Impacts on financial statements

a) Impact of on transition

On transition to MFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

	01.01.2019
	RM'000
Right-of-use assets	17,933
Lease liabilities	(18,094)
Retained earnings	123

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019.

	01.01.2019
	RM'000
Operating lease commitment at 31 December 2018 as per previous financial statement prepared under MFRS 117	13,275
Discounted using the incremental borrowing rate at 1 January 2019	13,090
Recognition exemption under short term lease assets	(434)
Recognition exemption for leases of low-value assets	(1,065)
Extension options reasonably certain to be exercised	6,503
Lease liabilities recognised at 1 January 2019	18,094

Company No.

1249516	V
---------	---

ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impacts on financial statements (continued)

b) Impacts for the period

As a result of applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised RM16,141,000 of right-of-use assets and RM16,099,000 of lease liabilities as at 30 June 2019.

Also in relation to those leases under MFRS 16, the Company has recognised depreciation and interest expenses, instead of operating lease expense. During the six months ended 30 June 2019, the Company recognised RM2,303,000 of depreciation expenses and RM353,000 of interest expenses from these leases.

4. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited financial statements for the financial period from 3 October 2017 (date of incorporation) to 31 December 2018 was not qualified.

5. SEASONAL OR CYCLICAL FACTORS

The Company's business operations are not significantly affected by any unusual seasonal or cyclical factors.

6. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period under review.

7. CHANGES IN ESTIMATES

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

8. DEBT AND EQUITY SECURITIES

There were no issuances or repayments of debt and equity securities for the current financial period under review.

9. DIVIDEND PAYMENT

There was no dividend paid during the current financial period under review.

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

10. CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in composition of the Company during the current financial period under review.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There is no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date.

12. SIGNIFICANT EVENT

On 22 April 2019, the Company signed a strategic bancassurance agreement with Alliance Bank Malaysia Berhad ("ABMB") that grant the Company an exclusive right for distribution of general insurance products.

13. INTANGIBLE ASSET

The intangible asset of RM39,556,000 is related to the exclusive bancassurance arrangement with ABMB. The intangible asset will be amortised on a straight-line basis over the duration of the bancassurance agreement.

14. CONTINGENT LIABILITIES

On 22 February 2017, MyCC issued a proposed decision to all 22 member companies, proposing to impose collective penalty of RM213 million on the general insurance industry. Zurich General Insurance Malaysia Berhad (ZGIMB), as one of the members of PIAM, will have a share of RM7.9million of the proposed penalty. As an 'industry collective action', the Company together with PIAM, submitted written representation and made Oral Representation to MyCC on 25 April 2017 and 29 January 2018 respectively to defend the allegation.

PIAM had commenced its Oral Representation through their counsel on 21 February 2019. Bank Negara Malaysia (BNM)'s Oral Representation took place on 13 May 2019 followed by Oral Representation by a counsel representing ZGIMB and 5 other insurers. PIAM's Competition Economist (RBB Economics) and remaining insurers' counsels completed their Oral Representation on 17 & 18 June 2019.

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.06.2019 RM'000	31.12.2018 RM'000
Corporate debt securities		
- Unquoted in Malaysia	970	970
Equity securities		
- Quoted in Malaysia	60,401	57,998
Unit trusts		
- Unquoted in Malaysia	1,186,194	1,087,417
	<u>1,247,565</u>	<u>1,146,385</u>

16. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted market price

Included in the quoted price category are financial instruments that are 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 - Valuation Techniques - Market Observable Input

Financial instruments in this category are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. It includes financial 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 and discounted cash flows, the price of the most recent transactions may be used provided that there has not been a significant change in economic circumstances since the time of the transaction, or if the conditions have changed, that price should be adjusted to reflect the change in conditions by reference to current prices for similar financial instruments and investment in structured products with fair values obtained via investment bankers and/or fund managers.

ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**16. FAIR VALUE MEASUREMENTS (CONTINUED)****(a) Determination of fair value and fair value hierarchy (continued)****Level 3 - Valuation Techniques - Unobservable input**

Non-market observable inputs mean that fair values are determined 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 classes in this category are unquoted equity securities, un-rated securities, investment properties, and debt securities from organisations in default. Valuation techniques of these portfolios 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 and judgments.

(b) Financial instruments and non-financial assets carried at fair value

The following tables show the Company's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>30 June 2019</u>				
AFS financial assets:				
- Corporate debt securities	-	-	970	970
- Equity securities	60,401	-	-	60,401
- Unit trusts	1,186,194	-	-	1,186,194
	<u>1,246,595</u>	<u>-</u>	<u>970</u>	<u>1,247,565</u>
Non-financial assets:				
Investment properties	-	-	11,960	11,960
	<u>1,246,595</u>	<u>-</u>	<u>12,930</u>	<u>1,259,525</u>
<u>31 December 2018</u>				
AFS financial assets:				
- Corporate debt securities	-	-	970	970
- Equity securities	57,998	-	-	57,998
- Unit trusts	1,087,417	-	-	1,087,417
	<u>1,145,415</u>	<u>-</u>	<u>970</u>	<u>1,146,385</u>
Non-financial assets:				
Investment properties	-	-	11,960	11,960
	<u>1,145,415</u>	<u>-</u>	<u>12,930</u>	<u>1,158,345</u>

Company No.

1249516	V
---------	---

ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Fair value measurements using valuation techniques based on unobservable input (level 3)

The following table show the changes in level 3 items for the financial period ended 30 June 2019 and 31 December 2018 for recurring fair value measurements:

	AFS RM'000	Investment properties RM'000
At 1 January 2019	970	11,960
Movement	-	-
At 30 June 2019	<u>970</u>	<u>11,960</u>
At date of incorporation	-	-
Arising from Business Transfer	970	11,960
At 31 December 2018	<u>970</u>	<u>11,960</u>

17. REINSURANCE ASSETS

	30.06.2019 RM'000	31.12.2018 RM'000
Reinsurance of insurance contracts		
Claim liabilities (Note 18)	186,007	145,006
Premium liabilities (Note 18)	54,677	61,602
	<u>240,684</u>	<u>206,608</u>

The carrying amounts disclosed above in respect of the reinsurance of insurance contracts approximate fair values at the date of the statement of financial position.

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

18. INSURANCE CONTRACT LIABILITIES

	30.06.2019			31.12.2018		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	450,355	(125,145)	325,210	375,509	(87,406)	288,103
Provision for incurred but not reported claims ("IBNR")	207,492	(60,862)	146,630	204,841	(57,600)	147,241
Claim liabilities	657,847	(186,007)	471,840	580,350	(145,006)	435,344
Premium liabilities	340,470	(54,677)	285,793	334,806	(61,602)	273,204
	<u>998,317</u>	<u>(240,684)</u>	<u>757,633</u>	<u>915,156</u>	<u>(206,608)</u>	<u>708,548</u>

Company No.

1249516

V

ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

18. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	2019			2018		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Claims liabilities</u>						
At 1 January/date of incorporation	580,350	(145,006)	435,344	-	-	-
Arising from Business Transfer	-	-	-	533,502	(133,627)	399,875
Claims incurred in the current accident year	183,508	(53,462)	130,046	298,413	(41,142)	257,271
Other movements in claims incurred in prior accident years	55,338	(2,711)	52,627	57,575	4,963	62,538
Claims paid during the financial period/year	(164,000)	18,433	(145,567)	(317,924)	36,531	(281,393)
Movement in IBNR reserves	2,651	(3,261)	(610)	8,784	(11,731)	(2,947)
At 30 June/31 December	<u>657,847</u>	<u>(186,007)</u>	<u>471,840</u>	<u>580,350</u>	<u>(145,006)</u>	<u>435,344</u>
<u>Premium liabilities</u>						
At 1 January/date of incorporation	334,806	(61,602)	273,204	-	-	-
Arising from Business Transfer	-	-	-	308,531	(67,416)	241,115
Premium written in the financial period/year	383,928	(59,008)	324,920	733,634	(124,455)	609,179
Premium earned during the financial period/year	(378,264)	65,933	(312,331)	(707,359)	130,269	(577,090)
At 30 June/31 December	<u>340,470</u>	<u>(54,677)</u>	<u>285,793</u>	<u>334,806</u>	<u>(61,602)</u>	<u>273,204</u>

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

19. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2019 comprised capital available of RM400,154,000 (31 December 2018: RM386,151,000).

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

	30.06.2019	31.12.2018
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	100,000	100,000
Reserves, including retained earnings	307,339	270,527
	<u>407,339</u>	<u>370,527</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserves	32,371	15,624
Less:		
Intangible asset	(39,556)	-
Total Capital Available	<u><u>400,154</u></u>	<u><u>386,151</u></u>

Company No.

1249516	V
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ZURICH GENERAL INSURANCE MALAYSIA BERHAD (1249516-V)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES

The Company has applied the temporary exemption from the adoption of MFRS 9 “Financial Instruments” from 1 January 2018 to no later than 1 January 2021.

In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents the Company’s financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding (“SPPI”).

- (a) The following table shows the carrying amount under MFRS 139 for financial assets with SPPI cash flow analysed by credit quality:

	30.06.2019 RM'000	31.12.2018 RM'000
<u>Impaired</u>		
AFS financial assets:		
- Corporate debt securities	970	970

- (b) Fair value / carrying amount:

	Financial Assets with SPPI Cash Flow RM'000	Other Financial Assets RM'000	Total RM'000
Fair value at 30 June 2019	970	1,645,719	1,646,689
Fair value changes during the financial period	-	(1,447)	(1,447)
Financial assets that do not have low credit risk:			
- Fair value / carrying amount at 30 June 2019 under MFRS 139	970	N/A	N/A
N/A – not applicable			

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