

# Unaudited Condensed Interim Financial Statements

For The Financial Period From  
1 January 2022 To 30 June 2022

Company No.

201701045981 (1260157-U)

## **ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

(Incorporated in Malaysia)

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Company No.

201701045981 (1260157-U)

## ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		30.06.2022			31.12.2021		
ASSETS	Note	Takaful Operator	General Takaful Fund	Company	Takaful Operator	General Takaful Fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property and equipment		2,578	-	2,578	2,533	-	2,533
Right-of-use assets	12	1,089	-	1,089	1,891	-	1,891
Intangible assets		23,351	-	23,351	24,394	-	24,394
Investments	13	471,372	842,338	1,313,710	383,073	617,443	1,000,516
Takaful receivables		-	58,789	58,789	-	47,151	47,151
Retakaful assets	15	-	111,659	111,659	-	111,885	111,885
Other receivables #		20,145	448	1,910	32,551	378	2,148
Deferred tax assets		23,859	3,172	27,031	17,716	3,815	21,531
Cash and cash equivalents		116,008	185,211	301,219	121,521	333,915	455,436
<b>TOTAL ASSETS</b>		<b>658,402</b>	<b>1,201,617</b>	<b>1,841,336</b>	<b>583,679</b>	<b>1,114,587</b>	<b>1,667,485</b>

# Interfund balances are eliminated at Company level in accordance with MFRS 10 "Consolidated Financial Statements".  
The accompanying notes form an integral part of these condensed interim financial statements.

Company No.

201701045981 (1260157-U)

## ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONTINUED)

				30.06.2022				31.12.2021
LIABILITIES	Note	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	
Takaful contract liabilities	16	-	1,103,986	1,103,986	-	996,661	996,661	
Lease liabilities		1,512	-	1,512	2,341	-	2,341	
Takaful payables		-	24,790	24,790	-	32,628	32,628	
Other payables #		59,478	71,722	112,517	46,621	83,504	99,344	
Expense liabilities		51,211	-	51,211	46,168	-	46,168	
Current tax liabilities		7,461	1,119	8,580	4,382	1,794	6,176	
<b>TOTAL LIABILITIES</b>		<b>119,662</b>	<b>1,201,617</b>	<b>1,302,596</b>	<b>99,512</b>	<b>1,114,587</b>	<b>1,183,318</b>	
<b>SHAREHOLDERS' EQUITY</b>								
Share capital		422,000	-	422,000	377,000	-	377,000	
Retained earnings		121,516	-	121,516	107,176	-	107,176	
Available-for-sale reserve		(4,776)	-	(4,776)	(9)	-	(9)	
		<b>538,740</b>	<b>-</b>	<b>538,740</b>	<b>484,167</b>	<b>-</b>	<b>484,167</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>658,402</b>	<b>1,201,617</b>	<b>1,841,336</b>	<b>583,679</b>	<b>1,114,587</b>	<b>1,667,485</b>	

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## ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	30.06.2022			30.06.2021		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
Gross earned contributions	-	351,164	351,164	-	347,827	347,827
Contribution ceded to retakaful operators	-	(26,750)	(26,750)	-	(22,760)	(22,760)
<b>Net earned contributions</b>	-	324,414	324,414	-	325,067	325,067
Wakalah fee income	120,305	-	-	120,850	-	-
Investment income	7,968	13,851	21,819	6,607	11,623	18,230
Realised gains	58	118	176	29	42	71
Fee and commission income	-	1,535	1,535	-	5,130	5,130
Other operating income – net	1	1,906	1,907	-	190	190
<b>Other income</b>	128,332	17,410	25,437	127,486	16,985	23,621
<b>Total revenue</b>	128,332	341,824	349,851	127,486	342,052	348,688
Gross benefits and claims paid	-	(138,582)	(138,582)	-	(114,874)	(114,874)
Claims ceded to retakaful operators	-	7,164	7,164	-	6,406	6,406
Gross change in contract liabilities	-	(85,647)	(91,660)	-	(91,587)	(106,606)
Change in contract liabilities ceded to retakaful operators	-	5,193	5,193	-	(1,351)	(1,351)
<b>Net benefits and claims</b>	-	(211,872)	(217,885)	-	(201,406)	(216,425)

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## ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

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### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	30.06.2022			30.06.2021		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
Wakalah fee expenses	-	(120,305)	-	-	(120,850)	-
Fee and commission expenses	(42,773)	-	(42,773)	(45,155)	-	(45,155)
Management expenses	(59,865)	-	(59,865)	(56,791)	-	(56,791)
Other operating expenses	(26)	(31)	(57)	(42)	(21)	(63)
Expense liabilities	(5,043)	-	(5,043)	(4,949)	-	(4,949)
Tax borne by participants' fund	-	(3,603)	(3,603)	-	(4,756)	(4,756)
<b>Other expenses</b>	<b>(107,707)</b>	<b>(123,939)</b>	<b>(111,341)</b>	<b>(106,937)</b>	<b>(125,627)</b>	<b>(111,714)</b>
<b>Total underwriting surplus from operations</b>	<b>20,625</b>	<b>6,013</b>	<b>20,625</b>	<b>20,549</b>	<b>15,019</b>	<b>20,549</b>
Surplus transferred to unallocated surplus	-	(6,013)	-	-	(15,019)	-
<b>Profit before taxation</b>	<b>20,625</b>	<b>-</b>	<b>20,625</b>	<b>20,549</b>	<b>-</b>	<b>20,549</b>
Zakat	(529)	-	(529)	(530)	-	(530)
Taxation	(5,756)	-	(5,756)	(5,868)	-	(5,868)
<b>Net profit for the financial period</b>	<b>14,340</b>	<b>-</b>	<b>14,340</b>	<b>14,151</b>	<b>-</b>	<b>14,151</b>
<b>Basic earnings per share (sen)</b>			<b>3.88</b>			<b>4.36</b>

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## ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

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### UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	30.06.2022			30.06.2021		
	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Company RM'000
<b>Net profit for the financial period</b>	14,340	-	14,340	14,151	-	14,151
<b>Other comprehensive loss:</b>						
<b><u>Items that may be subsequently reclassified to profit or loss:</u></b>						
Fair value change on available-for-sale financial assets:						
- Gross fair value change arising during the financial period	(6,214)	-	(6,214)	(2,500)	-	(2,500)
- Fair value gain transferred to statement of profit or loss on disposal	(58)	-	(58)	(29)	-	(29)
- Deferred tax	1,505	-	1,505	607	-	607
Other comprehensive loss for the financial period, net of tax	(4,767)	-	(4,767)	(1,922)	-	(1,922)
<b>Total comprehensive income for the financial period</b>	<b>9,573</b>	<b>-</b>	<b>9,573</b>	<b>12,229</b>	<b>-</b>	<b>12,229</b>

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## ZURICH GENERAL TAKAFUL MALAYSIA BERHAD

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### UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	Issued and fully paid ordinary shares	Non- distributable	Distributable	
	Share capital	Available- for-sale reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	377,000	(9)	107,176	484,167
Issuance of shares during the financial period	45,000	-	-	45,000
Net profit for the financial period	-	-	14,340	14,340
Other comprehensive loss for the financial period	-	(4,767)	-	(4,767)
At 30 June 2022	422,000	(4,776)	121,516	538,740
At 1 January 2021	317,000	4,001	73,746	394,747
Issuance of shares during the financial period	60,000	-	-	60,000
Net profit for the financial period	-	-	14,151	14,151
Other comprehensive loss for the financial period	-	(1,922)	-	(1,922)
At 30 June 2021	377,000	2,079	87,897	466,976

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**ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	<b>6 months period ended 30.06.2022 RM'000</b>	<b>6 months period ended 30.06.2021 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Cash (utilised in)/generated from operating activities	(258,282)	114,597
Investment income received	69,547	20,460
Interest expense on lease liabilities	(27)	(42)
Income tax paid	(9,155)	(10,016)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(197,917)</b>	<b>124,999</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(415)	(536)
Purchase of intangible assets	(56)	(159)
<b>Net cash outflows from investing activities</b>	<b>(471)</b>	<b>(695)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	45,000	60,000
Payment of lease liabilities	(829)	(587)
<b>Net cash inflows from financing activities</b>	<b>44,171</b>	<b>59,413</b>
<b>Net movement in cash and cash equivalents</b>	<b>(154,217)</b>	<b>183,717</b>
Cash and cash equivalents at the beginning of the financial period	455,436	428,954
<b>Cash and cash equivalents at the end of the financial period</b>	<b>301,219</b>	<b>612,671</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	215,502	140,693
Fixed deposits with licensed financial institutions with original maturities of less than 3 months	85,717	471,978
	<b>301,219</b>	<b>612,671</b>

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

**ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS****1. BASIS OF PREPARATION**

The condensed interim financial statements 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 year ended 31 December 2021, which were prepared in accordance with the MFRS and International Financial Reporting Standards ("IFRS").

The Islamic Financial Services Act 2013 ("IFSA") requires the assets and liabilities of the takaful funds being clearly segregated from those of the takaful operator. However, in preparing the Company-level financial statements, the balances and transactions of the takaful operator fund are consolidated with those of the takaful fund to represent the control possessed by the takaful operator over the respective funds.

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 change in the financial position and performance of the Company since the financial year ended 31 December 2021.

**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 year ended 31 December 2021, except for the adoption of the following:

<u>MFRSs / Interpretations / Amendments</u>	<u>Effective date</u>
Amendments to MFRS 1, MFRS 9 and MFRS 16 – Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendment to MFRS 116 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 3 – Reference to the Conceptual Framework	1 January 2022

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 2023 at the latest. Hence, the Company has not adopted MFRS 9 for the financial year beginning on or after 1 January 2018.

## **ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### Amendments to MFRS 4 - Applying MFRS 9 “Financial Instruments” with MFRS 4 “Insurance Contracts”

The Company has decided to defer the full implementation of MFRS 9 until MFRS 17 “Insurance Contracts” becomes effective on 1 January 2023, in accordance with the Amendments to MFRS 4 “Extension of the Temporary Exemption from Applying MFRS 9”.

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 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 predominance ratio reflecting the share of liabilities related to takaful compared to total liabilities exceeded 90 percent.

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 takaful contracts are often measured at amortised cost basis.

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 allowable.

For further information on the effects from MFRS 9, Note 18 shows the 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.

#### **3. CHANGES IN ACCOUNTING POLICIES**

There were no changes in accounting policies for the financial period ended 30 June 2022.

#### **4. AUDITOR’S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor’s report on the audited financial statements for the financial year ended 31 December 2021 was not qualified.

**ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**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. CHANGE IN ESTIMATES**

There were no material changes in basis used for accounting estimates for the financial period ended 30 June 2022.

**8. DIVIDEND PAYMENT**

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

**9. CHANGES IN COMPOSITION OF THE COMPANY**

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

**10. SIGNIFICANT AND SUBSEQUENT EVENT**

Significant event during the financial period is disclosed in Note 19. 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.

**11. CONTINGENT LIABILITIES**

There are no contingent liabilities as at the date of this report since the date of the last annual statement of financial position.

**12. INTANGIBLE ASSETS**

Other intangible assets relate to the exclusive bancatakaful agreement with Alliance Islamic Bank Berhad and direct customer relationship acquired through the acquisition of a general takaful portfolio from a third party. These assets are measured at cost less any accumulated amortisation and any impairment losses. Both assets are amortised over their useful lives of 15 years using the straight-line method.

**ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****13. INVESTMENTS**

The Company's investments are summarised by measurement categories as follows:

		<b>Takaful Operator RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b><u>At 30 June 2022</u></b>				
Loans and receivables	(a)	51,005	372,166	423,171
Available-for-sale ("AFS") financial assets	(b)	420,367	470,172	890,539
		<u>471,372</u>	<u>842,338</u>	<u>1,313,710</u>
The following investments mature after 12 months:				
AFS financial assets		<u>376,234</u>	<u>362,486</u>	<u>738,720</u>
<b><u>At 31 December 2021</u></b>				
Loans and receivables	(a)	-	163,067	163,067
AFS financial assets	(b)	383,073	454,376	837,449
		<u>383,073</u>	<u>617,443</u>	<u>1,000,516</u>
The following investments mature after 12 months:				
AFS financial assets		<u>311,621</u>	<u>353,203</u>	<u>664,824</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****13. INVESTMENTS (CONTINUED)****(a) Loans and receivables**

	<b>Takaful Operator RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b><u>At 30 June 2022</u></b>			
Amortised cost:			
Fixed deposits with licensed financial institutions	51,005	372,166	423,171
	<u>51,005</u>	<u>372,166</u>	<u>423,171</u>
<b><u>At 31 December 2021</u></b>			
Amortised cost:			
Fixed deposits with licensed financial institutions	-	163,067	163,067
	<u>-</u>	<u>163,067</u>	<u>163,067</u>

**(b) AFS financial assets**

	<b>Takaful Operator RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b><u>At 30 June 2022</u></b>			
Fair value:			
Government Investment Issues	133,488	-	133,488
Islamic debt securities, unquoted	286,879	470,172	757,051
	<u>420,367</u>	<u>470,172</u>	<u>890,539</u>
<b><u>At 31 December 2021</u></b>			
Fair value:			
Government Investment Issues	88,027	-	88,027
Islamic debt securities, unquoted	295,046	454,376	749,422
	<u>383,073</u>	<u>454,376</u>	<u>837,449</u>

## **ZURICH GENERAL TAKAFUL MALAYSIA BERHAD**

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

#### **14. 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 significance 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.

##### **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. Examples of main asset classes in this category are unquoted equity securities, un-rated securities 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 views 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 judgements.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****14. FAIR VALUE MEASUREMENTS (CONTINUED)****(b) Financial instruments and non-financial assets carried at fair value**

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><u>Takaful Operator</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>30 June 2022</u></b>				
AFS financial assets:				
- Government Investment Issues	-	133,488	-	133,488
- Islamic debt securities, unquoted	-	286,879	-	286,879
	-	420,367	-	420,367
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>31 December 2021</u></b>				
AFS financial assets:				
- Government Investment Issues	-	88,027	-	88,027
- Islamic debt securities, unquoted	-	295,046	-	295,046
	-	383,073	-	383,073
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>General Takaful Fund</u></b>				
<b><u>30 June 2022</u></b>				
AFS financial assets:				
- Islamic debt securities, unquoted	-	470,172	-	470,172
	-	470,172	-	470,172
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>31 December 2021</u></b>				
AFS financial assets:				
- Islamic debt securities, unquoted	-	454,376	-	454,376
	-	454,376	-	454,376



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****14. FAIR VALUE MEASUREMENTS (CONTINUED)****(b) Financial instruments and non-financial assets carried at fair value (continued)**

The following tables show the Company's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy: (continued)

<u>Company</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<b><u>30 June 2022</u></b>				
AFS financial assets:				
- Government Investment Issues	-	133,488	-	133,488
- Islamic debt securities, unquoted	-	757,051	-	757,051
	-	890,539	-	890,539
	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b><u>31 December 2021</u></b>				
AFS financial assets:				
- Government Investment Issues	-	88,027	-	88,027
- Islamic debt securities, unquoted	-	749,422	-	749,422
	-	837,449	-	837,449

**15. RETAKAFUL ASSETS**

	<b><u>30.06.2022</u></b> <b><u>RM'000</u></b>	<b><u>31.12.2021</u></b> <b><u>RM'000</u></b>
<b><u>General Takaful Fund/Company</u></b>		
Retakaful of takaful contracts		
Claims liabilities (Note 16(i))	102,394	97,201
Contribution liabilities (Note 16(ii))	9,265	14,684
	111,659	111,885

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 16. TAKAFUL CONTRACT LIABILITIES

The General takaful contract liabilities and movements are further analysed as follows:

	30.06.2022			31.12.2021		
	Gross	Re-takaful	Net	Gross	Re-takaful	Net
<u>General Takaful Fund/Company</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Provision for claims	434,448	(73,816)	360,632	382,303	(69,096)	313,207
Provision for incurred but not reported claims ("IBNR")	279,712	(17,266)	262,446	250,980	(17,025)	233,955
Provision for adverse deviation ("PRAD")	47,108	(11,312)	35,796	42,338	(11,080)	31,258
Claim liabilities (i)	761,268	(102,394)	658,874	675,621	(97,201)	578,420
Contribution liabilities (ii)	273,341	(9,265)	264,076	251,994	(14,684)	237,310
AFS reserve (iii)	(3,405)	-	(3,405)	2,277	-	2,277
Unallocated surplus (iv)	72,782	-	72,782	66,769	-	66,769
	<u>1,103,986</u>	<u>(111,659)</u>	<u>992,327</u>	<u>996,661</u>	<u>(111,885)</u>	<u>884,776</u>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 16. TAKAFUL CONTRACT LIABILITIES (CONTINUED)

The General takaful contract liabilities and movements are further analysed as follows: (continued)

	30.06.2022			31.12.2021		
	Gross	Re-takaful	Net	Gross	Re-takaful	Net
<u>General Takaful Fund/Company</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>(i) Claims liabilities</u>						
At 1 January 2022/ At 1 January 2021	675,621	(97,201)	578,420	493,251	(101,062)	392,189
Claims incurred in the current accident period/year	220,480	(5,789)	214,691	417,959	(15,469)	402,490
Other movements in claims incurred in prior accident period/year	(1,021)	(6,336)	(7,357)	(15,416)	6,728	(8,688)
Claims paid during the financial period/year	(138,582)	7,164	(131,418)	(223,917)	12,898	(211,019)
Movement in PRAD	4,770	(232)	4,538	3,744	(296)	3,448
At 30 June 2022/ At 31 December 2021	<u>761,268</u>	<u>(102,394)</u>	<u>658,874</u>	<u>675,621</u>	<u>(97,201)</u>	<u>578,420</u>
<u>(ii) Contribution liabilities</u>						
At 1 January 2022/ At 1 January 2021	251,994	(14,684)	237,310	236,736	(13,298)	223,438
Contribution written in the financial period/year	372,511	(21,331)	351,180	689,511	(50,928)	638,583
Contribution earned during the financial period/year	(351,164)	26,750	(324,414)	(674,253)	49,542	(624,711)
At 30 June 2022/ At 31 December 2021	<u>273,341</u>	<u>(9,265)</u>	<u>264,076</u>	<u>251,994</u>	<u>(14,684)</u>	<u>237,310</u>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 16. TAKAFUL CONTRACT LIABILITIES (CONTINUED)

The General takaful contract liabilities and movements are further analysed as follows: (continued)

	30.06.2022			31.12.2021		
	Gross	Deferred tax	Net	Gross	Deferred tax	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>General Takaful Fund/Company</b>						
<u>(iii) AFS reserve</u>						
At 1 January 2022/ At 1 January 2021	2,996	(719)	2,277	11,399	(2,736)	8,663
Fair value movements arising from AFS financial assets	(7,476)	1,794	(5,682)	(8,403)	2,017	(6,386)
At 30 June 2022/ At 31 December 2021	<u>(4,480)</u>	<u>1,075</u>	<u>(3,405)</u>	<u>2,996</u>	<u>(719)</u>	<u>2,277</u>
				<b>30.06.2022</b>	<b>31.12.2021</b>	
				<b>RM'000</b>	<b>RM'000</b>	
<u>(iv) Unallocated surplus</u>						
At 1 January 2022/ At 1 January 2021				66,769	56,855	
Surplus arising during the period/year				6,013	33,914	
Surplus distributed to participants during the period/year				-	(12,000)	
Surplus distributed to Takaful Operator during the period/year				-	(12,000)	
At 30 June 2022/ At 31 December 2021				<u>72,782</u>	<u>66,769</u>	

Any surplus arising during the financial period/year will only be distributed at year end as recommended by the appointed actuary.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 17. TOTAL CAPITAL AVAILABLE

The regulated capital of the Company as at 30 June 2022 comprised of Available Capital of RM558,086,000 (31 December 2021: RM507,682,000).

The capital structure of the Company as at 30 June 2022, as prescribed under the RBCT Framework, is shown below:

	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier 1 Capital</u></b>		
Paid-up share capital	422,000	377,000
Reserve including retained earnings	194,298	173,945
	<u>616,298</u>	<u>550,945</u>
<b><u>Tier 2 Capital</u></b>		
Available-for-sale reserves	(8,181)	2,268
<b>Less:</b>		
<b><u>Deductions</u></b>		
Other intangible assets	(23,000)	(24,000)
Deferred tax assets	(27,031)	(21,531)
<b>Total Capital Available</b>	<u><u>558,086</u></u>	<u><u>507,682</u></u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****18 ADDITIONAL DISCLOSURES 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 2023.

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 profit on the principal outstanding (“SPPI”):

	<b>Fair value at 30 June 2022/ 31 December 2021</b>	<b>Change in fair value</b>	<b>Results of the cash flows characteristics</b>
<b><u>Takaful Operator</u></b>	<b>RM'000</b>	<b>RM'000</b>	
<b><u>30 June 2022</u></b>			
Loans and receivables	51,005	-	SPPI
AFS financial assets:			
Government Investment Issues	133,488	-	SPPI
Islamic debt securities, unquoted	286,879	(6,272)	SPPI
Other receivables *	20,113	-	SPPI
Cash and cash equivalents	116,008	-	SPPI
	<u>607,493</u>	<u>(6,272)</u>	
<b><u>31 December 2021</u></b>			
AFS financial assets:			
Government Investment Issues	88,027	-	SPPI
Islamic debt securities, unquoted	295,046	(5,276)	SPPI
Other receivables *	32,496	-	SPPI
Cash and cash equivalents	121,521	-	SPPI
	<u>537,090</u>	<u>(5,276)</u>	

\* Excludes prepayments of RM32,000 from Takaful Operator fund as at 30 June 2022 (31 December 2021: RM55,000)

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****18 ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

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 profit on the principal outstanding ("SPPI") (continued):

<b>General Takaful Fund</b>	<b>Fair value at 30 June 2022/ 31 December 2021</b>	<b>Change in fair value</b>	<b>Results of the cash flows characteristics</b>
	<b>RM'000</b>	<b>RM'000</b>	
<u>30 June 2022</u>			
Loans and receivables	372,166	-	SPPI
AFS financial assets:			
Islamic debt securities, unquoted	470,172	(7,476)	SPPI
Other receivables	448	-	SPPI
Cash and cash equivalents	185,211	-	SPPI
	<u>1,027,997</u>	<u>(7,476)</u>	
<u>31 December 2021</u>			
Loans and receivables	163,067	-	SPPI
AFS financial assets:			
Islamic debt securities, unquoted	454,376	(8,403)	SPPI
Other receivables	378	-	SPPI
Cash and cash equivalents	333,915	-	SPPI
	<u>951,736</u>	<u>(8,403)</u>	

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)****18 ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

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 profit on the principal outstanding ("SPPI") (continued):

<b>Company</b>	<b>Fair value at 30 June 2022/ 31 December 2021 RM'000</b>	<b>Change in fair value RM'000</b>	<b>Results of the cash flows characteristics</b>
<u>30 June 2022</u>			
Loans and receivables	423,171	-	SPPI
AFS financial assets:			
Government Investment Issues	133,488	-	SPPI
Islamic debt securities, unquoted	757,051	(13,748)	SPPI
Other receivables *	1,878	-	SPPI
Cash and cash equivalents	301,219	-	SPPI
	<u>1,616,807</u>	<u>(13,748)</u>	
<u>31 December 2021</u>			
Loans and receivables	163,067	-	SPPI
AFS financial assets:			
Government Investment Issues	88,027	-	SPPI
Islamic debt securities, unquoted	749,422	(13,679)	SPPI
Other receivables *	2,093	-	SPPI
Cash and cash equivalents	455,436	-	SPPI
	<u>1,458,045</u>	<u>(13,679)</u>	

\* Excludes prepayments of RM32,000 from Takaful Operator fund as at 30 June 2022 (31 December 2021: RM55,000)

Takaful receivables and retakaful assets have been excluded from the above assessment as they will be under the scope of MFRS 17 "Insurance Contracts".



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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

#### **19 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

On 21 March 2022, the Board of Directors has approved the allotment of 45,000,000 new shares of the Company for a total consideration of RM45 million to Zurich Holdings Malaysia Berhad.

The ordinary shares were issued and fully paid by cash as follows:

<b>Date</b>	<b>Number of shares</b>	<b>Price per share</b>	<b>Share capital</b>
		<b>RM</b>	<b>RM'000</b>
21 March 2022	45,000,000	1.00	45,000
	<u>45,000,000</u>		<u>45,000</u>

**Zurich General Takaful Malaysia Berhad**

Registration No. 201701045981 (1260157-U)

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