

Company No.

731996	H
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ZURICH TAKAFUL MALAYSIA BERHAD

(Formerly known as MAA Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

Company No.

731996	H
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ZURICH TAKAFUL MALAYSIA BERHAD

(Formerly known as MAA Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

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Company No.

731996

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ZURICH TAKAFUL MALAYSIA BERHAD

(Formerly known as MAA Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		As at 30.06.2016				As at 31.12.2015			
	<u>Note</u>	<u>Takaful Operator</u> RM'000	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000	<u>Takaful Operator</u> RM'000	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000
ASSETS									
Property and equipment		9,661	-	-	9,661	10,838	-	-	10,838
Intangible assets		2,745	-	-	2,745	3,382	-	-	3,382
Investments:		97,466	174,430	456,068	725,163	112,235	136,066	459,826	705,396
Held-to-maturity	12(a)	-	15,243	25,385	40,628	-	15,245	25,387	40,632
Loans and receivables	12(b)	94,666	115,995	55,555	266,044	98,196	58,159	41,233	197,112
Available-for-sale	12(c)	-	43,192	43,178	86,370	10,456	62,662	41,620	114,738
Fair value through profit or loss	12(d)	2,800	-	331,950	332,121	3,583	-	351,586	352,914
Takaful receivables		-	51,298	3,777	55,075	-	76,775	4,266	81,041
Qardhul Hassan receivable		11,478	-	-	-	16,043	-	-	-
Retakaful assets	13	-	267,759	14,680	282,439	-	258,009	12,399	270,408
Other receivables		28,916	997	17,205	15,570	24,638	2,975	15,724	12,015
Current tax assets		-	-	-	-	-	-	9	9
Deferred tax assets		-	2,020	944	2,964	-	2,334	-	2,334
Cash and bank balances		11,170	519	2,634	14,323	2,421	6,954	8,128	17,503
TOTAL ASSETS		161,436	497,023	495,308	1,107,940	169,557	483,113	500,352	1,102,926

The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

ZURICH TAKAFUL MALAYSIA BERHAD*(Formerly known as MAA Takaful Berhad)*

(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

	<u>Note</u>	As at 30.06.2016				As at 31.12.2015			
		Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
LIABILITIES									
Takaful contract liabilities	14	-	402,563	460,445	860,232	-	380,799	468,705	846,792
Takaful payables		-	72,389	6,788	79,177	-	83,345	4,976	88,321
Qardhul Hassan payable		-	-	11,478	-	-	-	16,043	-
Other payables		29,654	20,152	27,167	45,425	34,936	18,969	26,032	48,615
Expense liabilities		3,823	-	-	3,823	3,493	-	-	3,493
Current tax liabilities		3,355	1,919	779	6,053	4,104	-	216	4,320
Deferred tax liabilities		3,743	-	129	998	4,762	-	423	1,197
TOTAL LIABILITIES		40,575	497,023	506,786	995,708	47,295	483,113	516,395	992,738
SHAREHOLDERS' EQUITY									
Share capital		100,000	-	-	100,000	100,000	-	-	100,000
Retained earnings/ (accumulated loss)		20,860	-	(11,478)	12,232	22,495	-	(16,043)	10,421
Available-for-sale reserves		-	-	-	-	(233)	-	-	(233)
		120,860	-	(11,478)	112,232	122,262	-	(16,043)	110,188
TOTAL LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY		161,435	497,023	495,308	1,107,940	169,557	483,113	500,352	1,102,926

The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

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ZURICH TAKAFUL MALAYSIA BERHAD

(Formerly known as MAA Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	6 months ended 30.06.2016				6 months ended 30.06.2015			
	<u>Takaful Operator</u> RM'000	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000	<u>Takaful Operator</u> RM'000	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000
Operating revenue	<u>1,814</u>	<u>148,280</u>	<u>129,094</u>	<u>279,188</u>	<u>1,893</u>	<u>141,992</u>	<u>136,932</u>	<u>280,817</u>
Gross earned contributions	-	145,031	124,399	269,430	-	139,544	130,661	270,205
Contribution ceded to retakaful	-	(92,828)	(7,337)	(100,165)	-	(90,660)	(5,770)	(96,430)
Net earned contributions	<u>-</u>	<u>52,203</u>	<u>117,062</u>	<u>169,265</u>	<u>-</u>	<u>48,884</u>	<u>124,891</u>	<u>173,775</u>
Investment income	1,814	3,249	4,695	9,758	1,893	2,448	6,271	10,612
Realised gains and losses	(269)	43	1,737	1,511	(10)	(78)	6,770	6,682
Fair value gains and losses	70	-	(16,807)	(16,737)	470	-	5,568	6,038
Fee and commission income	-	19,730	-	19,730	-	20,675	-	20,675
Surplus sharing from General and Family Takaful funds (*)	7,757	-	-	-	7,666	-	-	-
Wakalah fee income	84,250	-	-	-	80,875	-	-	-
Other operating income – net	<u>76</u>	<u>6,666</u>	<u>639</u>	<u>7,381</u>	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,341</u>
Other income	<u>93,698</u>	<u>29,688</u>	<u>(9,736)</u>	<u>21,643</u>	<u>93,236</u>	<u>23,045</u>	<u>18,609</u>	<u>45,348</u>
Gross benefits and claims paid	-	(67,644)	(74,113)	(141,757)	-	(48,285)	(86,194)	(134,479)
Claims ceded to retakaful	-	40,995	5,865	46,860	-	34,581	4,096	38,677
Gross change to contract liabilities	-	(21,028)	9,816	(11,212)	-	(27,045)	(14,664)	(41,709)
Change in contract liabilities ceded to retakaful	-	10,937	2,171	13,108	-	10,559	2,836	13,395
Net claims	<u>-</u>	<u>(36,740)</u>	<u>(56,261)</u>	<u>(93,001)</u>	<u>-</u>	<u>(30,190)</u>	<u>(93,926)</u>	<u>(124,116)</u>

The Unaudited Interim Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

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ZURICH TAKAFUL MALAYSIA BERHAD

(Formerly known as MAA Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (CONTINUED)

	6 months ended 30.06.2016				6 months ended 30.06.2015			
	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Fee and commission expenses	(46,143)	-	-	(46,143)	(49,130)	-	-	(49,130)
Management expenses	(44,619)	-	-	(44,619)	(39,552)	-	-	(39,552)
Write back of doubtful debts	-	800	-	800	-	386	1,500	1,886
Surplus sharing with Takaful Operator	-	(2,017)	(5,740)	-	-	(4,205)	(3,461)	-
Wakalah fee expenses	-	(42,717)	(41,533)	-	-	(34,156)	(46,719)	-
Other operating (expenses)/income	(1,633)	936	-	(697)	-	(403)	(1,185)	(1,588)
Expense liabilities	(330)	-	-	(330)	(214)	-	-	(214)
Other expenses	(92,725)	(42,998)	(47,273)	(90,989)	(88,896)	(38,378)	(49,865)	(88,598)
Profit /(loss) before taxation	973	2,153	3,792	6,918	3,340	3,361	(291)	6,410
Tax (expense)/income attributable to participants	-	(2,153)	773	(1,380)	-	(2,810)	(1,272)	(4,082)
Profit /(loss) before taxation attributable to Takaful Operator(*)	974	-	4,565	5,538	3,340	551	(1,563)	2,328
Taxation	(2,609)	-	-	(3,728)	(1,530)	-	-	(1,578)
Net profit/(loss) for the financial period	(1,636)	-	4,565	1,810	1,810	551	(1,563)	750

(*) Subject to Board of Directors approval at financial year end

The Unaudited Interim Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

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ZURICH TAKAFUL MALAYSIA BERHAD

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(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	6 months ended 30.06.2016				6 months ended 30.06.2015			
<u>Note</u>	<u>Takaful Operator</u>	<u>General Takaful Fund</u>	<u>Family Takaful Fund</u>	<u>Company</u>	<u>Takaful Operator</u>	<u>General Takaful Fund</u>	<u>Family Takaful Fund</u>	<u>Company</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	(1,636)	-	4,565	1,810	1,810	551	(1,563)	750
Other comprehensive income/(loss):								
Net fair value changes during the financial period	307	443	1,333	2,083	892	643	759	2,294
Tax effects thereon	(74)	(106)	(107)	(287)	(224)	(161)	(61)	(446)
	<u>233</u>	<u>337</u>	<u>1,226</u>	<u>1,796</u>	<u>668</u>	<u>482</u>	<u>698</u>	<u>1,848</u>
Change in Takaful contract liabilities arising from unrealized net fair value changes	-	(337)	(1,226)	(1,563)	-	(482)	(698)	(1,180)
	<u>233</u>	<u>-</u>	<u>-</u>	<u>233</u>	<u>668</u>	<u>-</u>	<u>-</u>	<u>668</u>
Total comprehensive income/(loss) for the financial period	<u>(1,403)</u>	<u>-</u>	<u>4,565</u>	<u>2,043</u>	<u>2,478</u>	<u>551</u>	<u>(1,563)</u>	<u>1,418</u>

The Unaudited Interim Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

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ZURICH TAKAFUL MALAYSIA BERHAD

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STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	<u>Share capital</u>	<u>Non-distributable Available-for-sale Reserves</u>	<u>Distributable Retained Earnings</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	100,000	(187)	17,034	116,847
Total comprehensive loss for the financial year	-	(46)	(6,612)	(6,658)
At 31 December 2015	100,000	(233)	10,422	110,189
Total comprehensive for 6 months period ended 30 June 2016	-	233	1,810	2,043
At 30 June 2016	100,000	-	12,232	112,232

The Unaudited Interim Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

ZURICH TAKAFUL MALAYSIA BERHAD*(Formerly known as MAA Takaful Berhad)**(Incorporated in Malaysia)***UNAUDITED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	<u>Note</u>	Current Period Ended 30.06.2016 RM'000	Financial Period Ended 30.06.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated/ (utilised) in operating activities	17	515	(13,728)
Distribution income received		913	1,925
Profit income received		6,393	9,882
Income tax (paid)/recoverable		(10,502)	2,635
		<hr/>	<hr/>
Net cash flows from operating activities		(2,681)	714
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		-	-
Purchase of property and equipment		(122)	(422)
Purchases of intangibles assets		(377)	(461)
		<hr/>	<hr/>
Net cash flows from investing activities		(499)	(883)
		<hr/>	<hr/>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(3,180)	(169)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		17,503	13,821
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD		14,323	13,652
		<hr/>	<hr/>
Cash and cash equivalents consist of:			
Cash and bank balances		14,323	13,652
		<hr/>	<hr/>
		14,323	13,652
		<hr/>	<hr/>

The Unaudited Interim Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes attached to the unaudited interim financial statements.

ZURICH TAKAFUL MALAYSIA BERHAD

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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting by the Malaysian Accounting Standards (MASB), Takaful Act 1984, Guidelines/Circulars issued by Bank Negara Malaysia (BNM) as well as Shariah rulings and precepts.

The unaudited financial statements have been prepared under the historical cost convention, as modified by the valuation of available-for-sale financial assets and financial assets at fair value through profit or loss.

In accordance with the Islamic Financial Services Act 2013, the Company is required to segregate the assets and liabilities of the Takaful funds from its own, a concept known as segregation of funds. These Takaful funds are however not considered as separate legal entities and are managed and operated by the Takaful Operator, i.e. the Company.

Following the compliance to MFRS, the Company prepares a Company-level set of financial statements. In preparing the Company-level financial statements, the assets, liabilities, income and expenses of the Takaful funds are combined with those of the Takaful Operator whereby the related inter-fund balances, including Qardhul Hassan, and transactions are eliminated in full.

The inclusion of separate financial information of the Takaful funds and the Takaful Operator together with the Company-level financial statements in the statement of financial position, the income statement, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information presented in accordance with the requirements of BNM pursuant to the Islamic Financial Services Act 2013 in Malaysia to segregate assets, liabilities, income and expenses of the Takaful funds from the Takaful Operator. The accounting policies adopted for the Takaful Operator and Takaful funds are uniform for like transactions and events in similar circumstances.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 December 2015.

2 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements of the preceding year ended 31 December 2015 did not contain any qualification.

ZURICH TAKAFUL MALAYSIA BERHAD

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

3 SEASONALITY OF OPERATIONS

The Company's operations are not materially affected by seasonal or cyclical factors for the current period under review.

4 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current period ended 30 June 2016.

5 CHANGE IN ACCOUNTING ESTIMATES

There were no material changes in the basis used for accounting estimates for the current period under review.

6 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

7 DIVIDEND PAYMENT

No dividends were paid during the period and the Directors do not recommend any dividend to be paid for the current period under review.

8 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There were no material events subsequent to the end of the current period under review that has not been reported in these interim financial statements for the current financial period.

9 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended 31 December 2015.

10 CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

11 MATERIAL LITIGATION

There was no material litigation pending as at the date of this announcement.

ZURICH TAKAFUL MALAYSIA BERHAD*(Formerly known as MAA Takaful Berhad)*

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)****12 INVESTMENTS**

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
<u>As at 30 June 2016</u>				
Malaysian Government Guaranteed Financing	-	15,243	25,385	40,628
Islamic debt securities, unquoted	-	43,192	99,574	142,766
Shariah-approved quoted equities	-	-	66,275	63,646
Other investments	2,800	-	209,279	212,079
Deposits with financial institutions	94,666	115,995	55,555	266,044
	<u>97,466</u>	<u>174,430</u>	<u>456,069</u>	<u>725,163</u>
<u>As at 31 December 2015</u>				
Malaysian Government Guaranteed financing	-	15,245	25,387	40,632
Islamic debt securities, unquoted	10,456	62,662	95,620	168,738
Shariah-approved quoted equities	853	-	81,798	80,396
Investment-linked units	2,730	-	215,788	218,518
Deposits with financial institutions	98,196	58,159	41,233	197,112
	<u>112,235</u>	<u>136,066</u>	<u>459,826</u>	<u>705,396</u>

ZURICH TAKAFUL MALAYSIA BERHAD*(Formerly known as MAA Takaful Berhad)*

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)****12 INVESTMENTS (CONTINUED)**

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
The Company's investments are summarised by categories as follows:				
<u>As at 30 June 2016</u>				
Held-to-maturity ("HTM")	-	15,243	25,385	40,628
Loans and receivables ("LAR")	94,666	115,995	55,555	266,044
Available-for-sale ("AFS")	-	43,192	43,178	86,370
Fair value through profit or loss ("FVTPL")	2,800	-	331,950	332,121
	<u>97,466</u>	<u>174,430</u>	<u>456,068</u>	<u>725,163</u>
<u>As at 31 December 2015</u>				
Held-to-maturity ("HTM")	-	15,245	25,387	40,632
Loans and receivables ("LAR")	98,196	58,159	41,233	197,112
Available-for-sale ("AFS")	10,456	62,662	41,620	114,738
Fair value through profit or loss ("FVTPL")	3,583	-	351,586	352,914
	<u>112,235</u>	<u>136,066</u>	<u>459,826</u>	<u>705,396</u>

ZURICH TAKAFUL MALAYSIA BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

12 INVESTMENTS (CONTINUED)

	Takaful Operator RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
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The following investments mature
after 12 months:As at 30 June 2016

HTM	-	15,243	25,385	40,628
AFS	-	43,192	43,178	86,370
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2015

HTM	-	15,245	25,387	40,632
AFS	10,456	62,662	41,620	114,738
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(a) HTM investments

As at 30 June 2016Amortised cost

Malaysian Government Guaranteed Financing	-	15,243	25,385	40,628
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fair value

Malaysian Government Guaranteed Financing	-	15,126	25,291	40,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2015Amortised cost

Malaysian Government Guaranteed Financing	-	15,245	25,387	40,632
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fair value

Malaysian Government Guaranteed Financing	-	14,688	24,554	39,242
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ZURICH TAKAFUL MALAYSIA BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

12 INVESTMENTS (CONTINUED)

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
(b) LAR				
<u>As at 30 June 2016</u>				
<u>Amortised cost</u>				
Fixed and call deposits with:				
Licensed financial institutions	94,666	115,995	55,555	266,044
<u>As at 31 December 2015</u>				
<u>Amortised cost</u>				
Fixed and call deposits with:				
Licensed financial institutions	98,196	58,159	41,233	197,112
As at 30 June 2016, the cash and cash equivalents in the LAR of RM16,155,594 (31.12.2015: RM21,101,706) have a maturity period of three to twelve months.				
(c) AFS investments				
<u>As at 30 June 2016</u>				
<u>Fair value</u>				
Islamic debt securities, unquoted	-	43,192	43,178	86,370
<u>As at 31 December 2015</u>				
<u>Fair value</u>				
Islamic debt securities, unquoted	10,456	62,662	41,620	114,738

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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12 INVESTMENTS (CONTINUED)

	Takaful Operator RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
(d) FVTPL investments				
<u>As at 30 June 2016</u>				
<u>Fair value at designation</u>				
Shariah-approved quoted equities	-	-	66,275	63,646
Islamic debt securities, unquoted	-	-	56,395	56,395
Other investments	2,800	-	209,280	212,080
	<u>2,800</u>	<u>-</u>	<u>331,950</u>	<u>332,121</u>
<u>As at 31 December 2015</u>				
<u>Fair value at designation</u>				
Shariah-approved quoted equities	853	-	81,798	80,396
Islamic debt securities, unquoted	-	-	54,000	54,000
Investment-linked units	2,730	-	215,788	218,518
	<u>3,583</u>	<u>-</u>	<u>351,586</u>	<u>352,914</u>

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(CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments

(i) Takaful Operator

	<u>LAR</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 January 2015	37,107	58,754	11,333	107,194
Purchases	60,945	-	1,500	62,445
Disposals including (maturities and redemptions)	-	(48,490)	(10,766)	(59,256)
Fair value loss recorded in:				
Income statement	-	-	1,476	1,476
Other comprehensive income	-	264	-	264
Movement in accrued profit	144	126	40	310
Amortisation adjustment	-	(198)	-	(198)
At 31 December 2015/ 1 January 2016	98,196	10,456	3,583	112,235
Purchases	-	-	-	-
Disposals including (maturities and redemptions)	(3,676)	(9,750)	(800)	(14,226)
Fair value gains recorded in:				
Income statement	-	-	70	70
Other comprehensive income	-	(214)	-	(214)
Movement in accrued profit	146	(490)	(53)	(397)
Amortisation adjustment	-	(2)	-	(2)
At 30 June 2016	94,666	-	2,800	97,466

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(CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments (continued)

(ii) General Takaful Fund

	<u>HTM</u> RM'000	<u>LAR</u> RM'000	<u>AFS</u> RM'000	<u>Total</u> RM'000
At 1 January 2015	15,366	47,882	49,122	112,370
Purchases	-	10,252	25,026	35,278
Disposals including (maturities and redemptions)	-	-	(11,062)	(11,062)
Fair value gains recorded in:				
Takaful contract liabilities	-	-	(167)	(167)
Movement in accrued profit	(121)	25	(71)	(167)
Amortisation adjustment	-	-	(186)	(186)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015/ 1 January 2016	15,245	58,159	62,662	136,066
Purchases	-	57,582	-	57,582
Disposals including (maturities and redemptions)	-	-	(19,924)	(19,924)
Fair value gains recorded in:				
Takaful contract liabilities	-	-	319	319
Movement in accrued profit	(2)	254	188	440
Amortisation adjustment	-	-	(53)	(53)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2016	<u>15,243</u>	<u>115,995</u>	<u>43,192</u>	<u>174,430</u>

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(CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments (continued)

(iii) Family Takaful Fund

	<u>HTM</u> RM'000	<u>LAR</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 January 2015	25,636	72,561	37,221	315,452	450,870
Purchases	-	-	10,978	408,269	419,247
Disposals including maturities and redemptions	-	(31,316)	(6,362)	(383,484)	(421,162)
Fair value gains recorded in:					
Income statement	-	-	-	12,101	12,101
Takaful contract liabilities	-	-	258	-	258
Movement in accrued profit (Amortisation)/ accretion adjustment	(248)	(12)	(351)	(795)	(1,406)
	(1)	-	(124)	43	(82)
At 31 December 2015/ 1 January 2016	25,387	41,233	41,620	351,586	459,826
Purchases	-	14,318	521	80,101	94,940
Disposals including (maturities and redemptions)	-	-	-	(98,940)	(98,940)
Fair value gains recorded in:					
Income statement	-	-	-	(16,809)	(16,809)
Takaful contract liabilities	-	-	1,358	-	1,358
Movement in accrued profit (Amortisation)/ accretion adjustment	(1)	4	(260)	572	315
	(1)	-	(61)	15,440	15,378
At 30 June 2016	25,385	55,555	43,178	331,950	456,068

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments (continued)

(iv) Company

	<u>HTM</u> RM'000	<u>LAR</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 January 2015	41,002	155,789	145,097	319,059	660,947
Purchases	-	71,197	36,004	409,769	516,970
Disposals including (maturities and redemptions)	-	(30,031)	(65,914)	(388,779)	(484,724)
Fair value (loss) recorded in:					
Income statement	-	-	-	13,577	13,577
Takaful contract liabilities	-	-	91	-	91
Other comprehensive income	-	-	264	-	264
Movement in accrued profit (Amortisation)/ accretion adjustment	(369)	157	(296)	(755)	(1,263)
	(1)	-	(508)	43	(466)
At 31 December 2015	40,632	197,112	114,738	352,914	705,396
Purchases	-	71,900	521	80,101	152,522
Disposals including (maturities and redemptions)	-	(3,372)	(29,674)	(100,114)	(133,160)
Fair value gains recorded in:					
Income statement	-	-	-	(16,739)	(16,739)
Takaful contract liabilities	-	-	1,677	-	1,677
Other comprehensive income	-	-	(214)	-	(214)
Movement in accrued profit (Amortisation)/ accretion adjustment	(3)	404	(562)	519	358
	(1)	-	(116)	15,440	15,323
At 30 June 2016	40,628	266,044	86,370	332,121	725,163

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

12 INVESTMENTS (CONTINUED)

(f) Fair values of investments

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

	HTM RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
(i) <u>Takaful Operator</u>				
<u>30 June 2016</u>				
Quoted market price (level 1)	-	-	2,800	2,800
Valuation techniques - market observable inputs (level 2)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,800</u>	<u>2,800</u>
<u>31 December 2015</u>				
Quoted market price (level 1)	-	-	3,583	3,583
Valuation techniques - market observable inputs (level 2)	-	10,456	-	10,456
	<u>-</u>	<u>10,456</u>	<u>3,583</u>	<u>14,039</u>
(ii) <u>General Takaful Fund</u>				
<u>30 June 2016</u>				
Valuation techniques - market observable inputs (level 2)	15,125	43,192	-	58,317
	<u>15,125</u>	<u>43,192</u>	<u>-</u>	<u>58,317</u>
<u>31 December 2015</u>				
Valuation techniques - market observable inputs (level 2)	14,688	62,662	-	77,350
	<u>14,688</u>	<u>62,662</u>	<u>-</u>	<u>77,350</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)****12 INVESTMENTS (CONTINUED)****(f) Fair values of investments (continued)**

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

	<u>HTM</u>	<u>AFS</u>	<u>FVTPL</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
(iii) <u>Family Takaful Fund</u>				
<u>30 June 2016</u>				
Quoted market price (level 1)	-	-	275,555	275,555
Valuation techniques - market observable inputs (level 2)	25,291	43,178	56,395	124,864
	<u>25,291</u>	<u>43,178</u>	<u>331,950</u>	<u>400,419</u>
<u>31 December 2015</u>				
Quoted market price (level 1)	-	-	215,788	215,788
Valuation techniques - market observable inputs (level 2)	24,554	41,620	54,000	120,174
	<u>24,554</u>	<u>41,620</u>	<u>269,788</u>	<u>335,962</u>
(iv) <u>Company</u>				
<u>30 June 2016</u>				
Quoted market price (level 1)	-	-	275,727	275,726
Valuation techniques - market observable inputs (level 2)	40,417	86,370	56,395	183,182
	<u>40,417</u>	<u>86,370</u>	<u>332,122</u>	<u>458,908</u>
<u>31 December 2015</u>				
Quoted market price (level 1)	-	-	298,914	298,914
Valuation techniques - market observable inputs (level 2)	39,242	114,738	54,000	207,980
	<u>39,242</u>	<u>114,738</u>	<u>352,914</u>	<u>506,894</u>

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. This is considered as level 1 valuation basis

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(CONTINUED)****12 INVESTMENTS (CONTINUED)**

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes and discounted cash flow and investment in structured products with fair values obtained via investment bankers and/or fund managers are considered as level 2 valuation basis.

Level 3 valuation basis refers to non-market observable inputs, i.e. where 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. There are no level 3 valued financial investments held by the Company during the current financial year.

13 RETAKAFUL ASSETS

	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
(a) <u>General takaful fund</u>		
Retakaful of takaful contracts	<u>267,759</u>	<u>258,009</u>
(b) <u>Family takaful fund</u>		
Retakaful of takaful contracts	<u>14,680</u>	<u>12,399</u>
(c) <u>Company</u>		
Retakaful of takaful contracts	<u>282,439</u>	<u>270,408</u>

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

	30.06.2016			31.12.2015		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
		RM'000			RM'000	
Family takaful	460,445	(14,680)	445,765	468,705	(12,399)	456,306
General takaful	402,563	(267,758)	134,805	380,799	(258,009)	122,790
	<u>860,232</u>	<u>(282,438)</u>	<u>577,794</u>	<u>846,792</u>	<u>(270,408)</u>	<u>576,384</u>

(a) Family takaful

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

	30.06.2016			31.12.2015		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
		RM'000			RM'000	
Certificateholders' liabilities	86,972	(12,949)	74,023	86,907	(10,778)	76,129
Net asset value attributable to unitholders	<u>360,586</u>	<u>-</u>	<u>360,586</u>	<u>368,808</u>	<u>-</u>	<u>368,808</u>
	447,558	(12,949)	434,609	455,715	(10,778)	444,937
Unallocated surplus	(1,211)	-	(1,211)	449	-	449
Accumulated deficits of non-investment linked funds	(11,478)	-	(11,478)	(16,043)	-	(16,043)
Qardhul Hassan	11,478	-	11,478	16,043	-	16,043
Claims liabilities	12,615	(1,731)	10,884	12,284	(1,621)	10,663
Available-for-sale reserves	<u>1,483</u>	<u>-</u>	<u>1,483</u>	<u>257</u>	<u>-</u>	<u>257</u>
	<u>460,445</u>	<u>(14,680)</u>	<u>445,765</u>	<u>468,705</u>	<u>(12,399)</u>	<u>456,306</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family takaful (continued)

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2016	468,705	(12,399)	456,306
Contribution received	124,399	(7,337)	117,062
Liabilities paid for death, maturities, surrender, benefit and claims	(74,113)	5,865	(68,248)
Movement in claims liabilities	(331)	110	(221)
Experience variance on inforce Takaful certificates	1,169	1,083	2,252
Reserve on new policies	(5,046)	1,088	(3,958)
Miscellaneous	(3,726)	(3,090)	(6,816)
Fees deducted	(41,533)	-	(41,533)
Qardhul Hassan	(4,565)	-	(4,565)
Surplus accrued to Takaful Operator	(5,740)	-	(5,740)
Movements in AFS fair value adjustment	1,226	-	1,226
At 30 June 2016	<u>460,445</u>	<u>(14,680)</u>	<u>445,765</u>
	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2015	455,467	(14,535)	440,932
Contribution received	250,736	(14,053)	236,683
Liabilities paid for death, maturities, surrender, benefit and claims	(161,027)	11,307	(149,720)
Movement in claims liabilities	2,353	(1,211)	1,142
Experience variance on inforce Takaful certificates	6,920	(2,576)	4,344
Reserve on new policies	(9,737)	1,650	(8,087)
Miscellaneous	5,358	7,019	12,377
Fees deducted	(75,132)	-	(75,132)
Qardhul Hassan	4,695	-	4,695
Surplus distributed to Takaful Operator	(11,250)	-	(11,250)
Movements in AFS fair value adjustment	322	-	322
At 31 December 2015	<u>468,705</u>	<u>(12,399)</u>	<u>456,306</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)****14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)****(b) General takaful**

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

	30.06.2016			31.12.2015		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
		RM'000			RM'000	
Provision for claims	169,850	(117,372)	52,478	152,585	(108,506)	44,079
Provision for incurred but not reported claims ("IBNR")	79,469	(55,094)	24,375	80,041	(54,805)	25,236
Provision for adverse deviation	25,905	(18,784)	7,121	23,008	(17,003)	6,005
Claim liabilities (i)	275,224	(191,250)	83,974	255,634	(180,314)	75,320
Unearned contribution reserves (ii)	124,157	(76,508)	47,649	123,661	(77,695)	45,966
Available-for-sale reserves (iii)	28	-	28	(211)	-	(211)
Unallocated surplus	3,154	-	3,154	1,715	-	1,715
	<u>402,563</u>	<u>(267,758)</u>	<u>134,805</u>	<u>380,799</u>	<u>(258,009)</u>	<u>122,790</u>

(i) Claims liabilities

At 1 January	255,634	(180,314)	75,320	247,239	(200,713)	46,526
Claims incurred in the current accident year	93,774	(56,172)	37,602	159,475	(94,831)	64,644
Other movements in claims incurred in prior accident years	(9,438)	6,022	(3,416)	(27,431)	28,028	597
Claims paid during the financial year	(67,643)	40,995	(26,648)	(122,839)	84,155	(38,684)
Movements in provision for adverse deviation	2,897	(1,781)	1,116	(810)	(3,047)	2,237
At 30 June	<u>275,224</u>	<u>(191,250)</u>	<u>83,974</u>	<u>255,634</u>	<u>(180,314)</u>	<u>75,320</u>

(ii) Unearned contribution reserves

At 1 January	123,661	(77,695)	45,966	119,279	(79,669)	39,610
Contribution written in the financial year	145,527	(91,642)	53,885	281,998	(177,968)	104,030
Contribution earned during the financial year	(145,031)	92,829	(52,202)	(277,616)	179,942	(97,674)
At 30 June	<u>124,157</u>	<u>(76,508)</u>	<u>47,649</u>	<u>123,661</u>	<u>(77,695)</u>	<u>45,966</u>

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(CONTINUED)

14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General takaful (continued)

(iii) Available-for-sale reserves

	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
At 1 January	(211)	(227)
Fair value movements arising from AFS investments	273	(124)
Derecognition upon disposal of AFS investment	(34)	140
	<u>28</u>	<u>(211)</u>

15 TOTAL CAPITAL AVAILABLE

The capital structure of the Company as at 30 June 2016, as prescribed under the RBC Framework, is shown below:

	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	100,000	100,000
Reserves, including retained earnings	9,867	9,398
	<u>109,867</u>	<u>109,398</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	1,344	(183)
Less:		
Deferred tax assests	(2,020)	(2,334)
Total Capital Available	<u>109,191</u>	<u>106,881</u>

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

16 CAPITAL AND OTHER COMMITMENTS

Capital expenditure and other commitments not provided for in the financial statements are as follows:

	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM'000	RM'000
Authorised and contracted for:		
- Office rental	3,495	4,582
- Office renovation	31	114

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)****17 CASH FLOW**

	<u>30.06.2016</u> RM'000	<u>30.06.2015</u> RM'000
Net profit for the financial year	1,810	750
Adjustment for:		
Investment income	(9,758)	(10,612)
Realised gains and losses	(1,511)	(6,682)
Fair value gains and losses	16,736	(6,038)
Purchases of FVTPL investments	(80,101)	(343,004)
Proceeds from sale of FVTPL investments	85,990	316,481
Purchases of AFS investments	(521)	(30,567)
Proceeds from sale and maturity of AFS	29,448	18,125
Non-cash items:		
Depreciation of property, plant and equipment	1,283	1,264
Write off of property, plant and equipment	16	67
Write off of intangible assets	383	-
(Write-back)/allowance of impairment loss	(800)	1,886
Amortisation of intangible assets	630	635
Tax expense attributable to Takaful Operator	3,728	1,578
Tax expense attributable to participants	1,380	4,082
Changes in working capital:		
(Increase)/decrease in LAR	(66,510)	14,495
Increase in retakaful assets	(12,031)	(15,616)
Decrease in Takaful receivables	27,188	7,385
(Increase)/decrease in other receivables	7,094	(10,641)
Increase in Takaful contract liabilities	17,257	47,624
Increase in Takaful payables	(4,855)	(4,474)
Increase in other payable	(16,671)	(466)
Decrease in expense liabilities	330	-
Cash generated from/(utilized in) operating activities	<u>515</u>	<u>(13,728)</u>