

Unaudited Condensed  
Interim Financial Statements  
For The Financial Period From  
1 January 2021 To 30 June 2021

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

CONTENTS	PAGE(S)
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2-3
STATEMENT OF COMPREHENSIVE INCOME	4-6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9-19

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

		2021			2020		
	<u>Note</u>	Takaful Operator	Family Takaful Fund	Company	Takaful Operator	Family Takaful Fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Property and equipment		3,065	-	3,065	3,536	-	3,536
Intangible assets		1,416	-	1,416	1,769	-	1,769
Right-of-use assets		2,672	-	2,672	3,221	-	3,221
Investments	12	184,220	705,692	889,912	139,554	702,691	839,145
Takaful receivables		-	133	133	-	640	640
Qard receivable	13	4,288	-	-	4,061	-	-
Retakaful assets	14	-	21,760	21,760	-	27,120	27,120
Other receivables		16,508	827	7,249	27,147	1,019	6,170
Current tax assets		-	3,036	3,036	-	2,184	2,184
Deferred tax assets		-	3,552	3,552	-	668	668
Cash and bank balances		39,195	88,268	127,463	81,990	77,117	159,107
TOTAL ASSETS		251,364	823,268	1,060,258	261,278	811,439	1,043,560

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021 (CONTINUED)**

	<u>Note</u>	<b>2021</b>			<b>2020</b>		
		<b>Takaful Operator</b>	<b>Family Takaful Fund</b>	<b>Company</b>	<b>Takaful Operator</b>	<b>Family Takaful Fund</b>	<b>Company</b>
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>							
Takaful contract liabilities	15	-	777,298	777,298	-	762,030	758,930
Takaful payables		-	10,765	10,765	-	8,696	8,696
Qard payable		-	21,939	-	-	21,712	-
Other payables		37,592	32,403	59,909	42,637	38,818	59,459
Lease liabilities		2,718	-	2,718	3,285	-	3,285
Expense liabilities		18,566	-	18,566	19,898	-	19,898
Current tax liabilities		4,441	2,802	7,243	2,819	1,895	4,714
Deferred tax liabilities		1,143	-	1,143	2,001	-	2,001
<b>TOTAL LIABILITIES</b>		<b>64,460</b>	<b>845,207</b>	<b>877,642</b>	<b>70,640</b>	<b>833,151</b>	<b>856,983</b>
<b>SHAREHOLDERS' EQUITY</b>							
Share capital		180,000	-	180,000	180,000	-	180,000
Retained earnings/ (accumulated losses)		6,196	(21,939)	1,908	8,449	(21,712)	4,388
Available-for-sale reserve		708	-	708	2,189	-	2,189
		<b>186,904</b>	<b>(21,939)</b>	<b>182,616</b>	<b>190,638</b>	<b>(21,712)</b>	<b>186,577</b>
<b>TOTAL LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY</b>		<b>251,364</b>	<b>823,268</b>	<b>1,060,258</b>	<b>261,278</b>	<b>811,439</b>	<b>1,043,560</b>

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	2021			2020		
	Takaful Operator	Family Takaful Fund	Company	Takaful Operator	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	-	204,461	204,461	-	187,859	187,859
Contribution ceded to retakaful operators	-	(21,824)	(21,824)	-	(18,768)	(18,768)
<b>Net earned contributions</b>	-	182,637	182,637	-	169,091	169,091
Wakalah fee income	76,910	-	-	71,939	-	-
Investment income	3,387	10,952	14,339	2,618	12,140	14,758
Realised gains	-	-	-	13	-	13
Other operating income – net	113	1,913	2,026	99	1,546	1,645
<b>Other income</b>	80,410	12,865	16,365	74,669	13,686	16,416
<b>Total revenue</b>	80,410	195,502	199,002	74,669	182,777	185,507
Gross benefits and claims paid	-	(71,176)	(71,176)	-	(61,850)	(61,850)
Claims ceded to retakaful operators	-	11,147	11,147	-	10,412	10,412
Gross change to contract liabilities	-	(30,667)	(30,667)	-	(45,539)	(45,539)
Change in contract liabilities ceded to retakaful operators	-	(2,855)	(2,855)	-	1,996	1,996
<b>Net claims</b>	-	(93,551)	(93,551)	-	(94,981)	(94,981)

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)**

	2021			2020		
	Takaful Operator	Family Takaful Fund	Company	Takaful Operator	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Wakalah fee expenses	-	(76,910)	-	-	(71,939)	-
Fee and commission expenses	(51,224)	-	(51,224)	(44,410)	-	(44,410)
Management expenses	(30,349)	-	(30,349)	(29,421)	-	(29,421)
Fair value losses	-	(26,529)	(26,529)	(90)	(19,779)	(19,869)
Realised losses	(25)	-	(25)	-	-	-
Impairment on right-of-use asset	(63)	-	(63)	(113)	-	(113)
Other operating expenses	(560)	(30)	(590)	(699)	-	(699)
Expense liabilities	1,332	-	1,332	(742)	-	(742)
<b>Other expenses</b>	<b>(80,889)</b>	<b>(103,469)</b>	<b>(107,448)</b>	<b>(75,475)</b>	<b>(91,718)</b>	<b>(95,254)</b>
<b>Total underwriting loss from operations</b>	<b>(479)</b>	<b>(1,518)</b>	<b>(1,997)</b>	<b>(806)</b>	<b>(3,922)</b>	<b>(4,728)</b>
Taxation	(1,774)	1,291	(483)	(2,353)	3,588	1,235
<b>Net loss for the financial year</b>	<b>(2,253)</b>	<b>(227)</b>	<b>(2,480)</b>	<b>(3,159)</b>	<b>(334)</b>	<b>(3,493)</b>

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)**

	30.06.2021			30.06.2020		
	Takaful Operator	Family Takaful Fund	Company	Takaful Operator	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Net loss for the financial period</b>	(2,253)	(227)	(2,480)	(3,159)	(334)	(3,493)
<b>Other comprehensive (loss)/income:</b>						
<b><u>Items that may be subsequently reclassified to profit or loss:</u></b>						
Fair value changes on available-for-sale financial assets:						
- Gross fair value changes	(1,949)	(8,583)	(10,532)	953	3,708	4,661
- Deferred tax	468	687	1,155	(229)	(297)	(526)
- Net fair value changes	(1,481)	(7,896)	(9,377)	724	3,411	4,135
Changes in Takaful contract liabilities arising from unrealised net fair value changes	-	7,896	7,896	-	(3,411)	(3,411)
<b>Other comprehensive (loss)/income for the financial period, net of tax</b>	(1,481)	-	(1,481)	724	-	724
<b>Total comprehensive loss for the financial period</b>	<b>(3,734)</b>	<b>(227)</b>	<b>(3,961)</b>	<b>(2,435)</b>	<b>(334)</b>	<b>(2,769)</b>

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	Share capital	Non- distributable Available- for- sale reserve	Distributable Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2021</b>	180,000	2,189	4,388	186,577
Net loss for the financial period	-	-	(2,480)	(2,480)
Other comprehensive loss for the financial period	-	(1,481)	-	(1,481)
<b>At 30 June 2021</b>	<b>180,000</b>	<b>708</b>	<b>1,908</b>	<b>182,616</b>
<b>At 1 January 2020</b>	120,000	1,148	7,866	129,014
Net loss for the financial period	-	-	(3,493)	(3,493)
Other comprehensive income for the financial period	-	724	-	724
<b>At 30 June 2020</b>	<b>120,000</b>	<b>1,872</b>	<b>4,373</b>	<b>126,245</b>

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*



Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<b>Note</b>	<b>6 months ended 30.6.2021 RM'000</b>	<b>6 months ended 30.6.2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operating activities	16	(42,314)	(56,119)
Distribution income received		4,376	9,444
Profit income received		10,327	8,900
Interest expenses on lease liabilities		(63)	(113)
Income tax paid		(1,395)	(1,044)
<b>Net cash outflows from operating activities</b>		<b>(29,069)</b>	<b>(38,932)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(98)	-
Purchase of intangible assets		(19)	(94)
<b>Net cash flows used in investing activities</b>		<b>(117)</b>	<b>(94)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(2,458)	(773)
<b>Net cash flows used in financing activities</b>		<b>(2,458)</b>	<b>(773)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(31,644)</b>	<b>(39,799)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		<b>159,107</b>	<b>144,440</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>		<b>127,463</b>	<b>104,641</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and bank balances		122,416	104,641
Fixed deposit with licensed financial institution with maturities less than 3 months		5,047	-
		<b>127,463</b>	<b>104,641</b>

*The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying notes attached to the unaudited interim financial statements.*

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1 BASIS OF PREPARATION**

The condensed interim financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2020, which were prepared in accordance with the MFRS and IFRS.

The explanatory notes attached to the unaudited condensed 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 2020.

### **2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies 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 2020, except for the adoption of the following:

MFRS 9 "Financial Instruments" is effective from annual periods beginning 1 January 2018. However, the Amendments to MFRS 4 Insurance Contracts included certain provisions to allow the deferral of MFRS 9 to 2023 (i.e to be adopted at the same time for entities which are predominantly operating as an insurance business).

The Company's business activity is predominantly insurance and hence, qualifies for the temporary exemption approach. Consequently, management has decided to apply the temporary exemption from MFRS 9 from its annual period beginning 1 January 2018 and will adopt MFRS 9 for its annual period beginning 1 January 2023.

The adoption of the above mentioned standards, amendments and interpretations issued by Malaysian Accounting Standard 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 2021.

### **4 AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the audited financial statements for the financial year ended 31 December 2020 was not qualified.

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

**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 other unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period under review.

**7 CHANGE IN ACCOUNTING ESTIMATES**

There were no material changes in the basis used for accounting estimates for the financial period ended 30 June 2021.

**8 DIVIDEND PAYMENT**

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

**9 SIGNIFICANT EVENT FOR THE FINANCIAL PERIOD**

There is no significant event 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.

**10 CHANGES IN COMPOSITION OF THE COMPANY**

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

**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.

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**12 INVESTMENTS**

	<b>Takaful Operator</b>	<b>Family Takaful Fund</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>At 30 June 2021</u>			
Malaysian Government Securities /			
Government Investment Issues	-	3,273	3,273
Islamic debt securities, unquoted	184,220	291,831	476,051
Shariah-approved quoted equities	-	139,940	139,940
Unit trusts	-	270,648	270,648
	<u>184,220</u>	<u>705,692</u>	<u>889,912</u>

At 31 December 2020

Malaysian Government Securities /			
Government Investment Issues	-	3,441	3,441
Islamic debt securities, unquoted	136,454	289,312	425,766
Shariah-approved quoted equities	-	141,432	141,432
Investment-linked units	3,100	-	-
Unit trusts	-	268,506	268,506
	<u>139,554</u>	<u>702,691</u>	<u>839,145</u>

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

	<b>Takaful Operator</b>	<b>Family Takaful Fund</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>At 30 June 2021</u>			
Available-for-sale ("AFS") Financial Assets	184,220	226,460	410,680
Fair value through profit or loss ("FVTPL")	-	479,232	479,232
	<u>184,220</u>	<u>705,692</u>	<u>889,912</u>

The following investments mature after 12 months:

AFS Financial Assets	156,078	220,301	376,379
FVTPL	-	61,975	61,975
	<u>156,078</u>	<u>282,276</u>	<u>438,354</u>

At 31 December 2020

Available-for-sale ("AFS") Financial Assets	136,454	228,768	365,222
Fair value through profit or loss ("FVTPL")	3,100	473,923	473,923
	<u>139,554</u>	<u>702,691</u>	<u>839,145</u>

The following investments mature after 12 months:

AFS Financial Assets	113,995	227,737	341,732
FVTPL	-	56,670	56,670
	<u>113,995</u>	<u>284,407</u>	<u>398,402</u>

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**12 INVESTMENTS (CONTINUED)**

	<b>Takaful Operator RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<u>At 30 June 2021</u>			
(a) AFS Financial Assets			
<u>At 30 June 2021</u>			
Fair value:			
Malaysian Government Securities	-	3,273	3,273
Government Investment Issue	184,220	223,187	407,407
Islamic debt-securities, unquoted	184,220	226,460	410,680
(b) FVTPL			
Fair value at designation:			
Shariah-approved quoted equities	-	139,940	139,940
Islamic debt securities, unquoted	-	68,644	68,644
Unit trusts	-	270,648	270,648
	-	479,232	479,232
<u>At 31 December 2020</u>			
(a) AFS Financial Assets			
<u>At 31 December 2020</u>			
Fair value:			
Government Investment Issues	-	3,441	3,441
Islamic debt-securities, unquoted	136,454	225,327	361,781
	136,454	228,768	365,222
(b) FVTPL			
Fair value at designation:			
Shariah-approved quoted equities	-	141,432	141,432
Islamic debt securities, unquoted	-	63,985	63,985
Investment-linked units	3,100	-	-
Unit trusts	-	268,506	268,506
	3,100	473,923	473,923

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**12 INVESTMENTS (CONTINUED)**

(c) Fair values of investments

Fair value measurements are classified using a fair value hierarchy based on the observability of the inputs used in the fair value measurement. The levels of the fair value hierarchy are defined as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. 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 inputs are market based inputs that are directly or indirectly observable, but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets; (iii) inputs other than quoted prices that are observable and (iv) inputs derived from, or corroborated by, observable market data.

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 inputs are unobservable inputs which reflect the Company's own assumptions about market pricing using the best internal and external information available. 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.

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**12 INVESTMENTS (CONTINUED)**

(c) Fair values of investments

Recurring fair value measurements:

The following tables show the analysis of the different hierarchy of fair values for financial instruments recorded at fair value and financial instruments not measured at fair value but fair values are disclosed:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2021</u>				
(i) Takaful Operator				
(a) FVTPL				
Investment-linked units	-	-	-	-
(b) AFS Financial Assets				
Islamic debt securities, unquoted	-	184,220	-	184,220
	-	184,220	-	184,220
(ii) Family Takaful fund				
(a) FVTPL				
Islamic debt securities, unquoted	-	68,644	-	68,644
Shariah-approved quoted equities	139,940	-	-	139,940
Unit trusts	270,648	-	-	270,648
	410,588	68,644	-	479,232
(b) AFS Financial Assets				
Malaysian Government Securities	-	3,273	-	3,273
Islamic debt securities, unquoted	-	223,187	-	223,187
	-	226,460	-	226,460
(iii) Company				
(a) FVTPL				
Islamic debt securities, unquoted	-	68,644	-	68,644
Shariah-approved quoted equities	139,940	-	-	139,940
Unit trusts	270,648	-	-	270,648
	410,588	68,644	-	479,232
(b) AFS Financial Assets				
Malaysian Government Securities	-	3,273	-	3,273
Islamic debt securities, unquoted	-	407,407	-	407,407
	-	410,680	-	410,680

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**12 INVESTMENTS (CONTINUED)**

(c) Fair values of investments (continued)

Recurring fair value measurements: (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>At 31 December 2020</u>				
(i) Takaful Operator				
(a) FVTPL				
Investment-linked units	3,100	-	-	3,100
(b) AFS Financial Assets				
Islamic debt securities, unquoted	-	136,454	-	136,454
(ii) Family Takaful fund				
(a) FVTPL				
Islamic debt securities, unquoted	-	63,985	-	63,985
Shariah-approved quoted equities	141,432	-	-	141,432
Unit trusts	268,506	-	-	268,506
	409,938	63,985	-	473,923
(b) AFS Financial Assets				
Government Investment Issues	-	3,441	-	3,441
Islamic debt securities, unquoted	-	225,327	-	225,327
	-	228,768	-	228,768
(iii) Company				
(a) FVTPL				
Islamic debt securities, unquoted	-	63,985	-	63,985
Shariah-approved quoted equities	141,432	-	-	141,432
Unit trusts	268,506	-	-	268,506
	409,938	63,985	-	473,923
(b) AFS Financial Assets				
Government Investment Issues	-	3,441	-	3,441
Islamic debt securities, unquoted	-	361,781	-	361,781
	-	365,222	-	365,222



Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**13 QARD RECEIVABLE**

	<b>Takaful Operator</b>	
	<b>30.6.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Qard receivable	21,939	21,712
Less : Allowance for impairment loss	(17,651)	(17,651)
	<u>4,288</u>	<u>4,061</u>

Allowance for impairment loss represents the difference between the carrying amount of Qard receivable and its projected recoverable amount. As at 31 December 2020, the Company has made an assessment of the Qard recoverable based on the projection of surplus or deficit of the Ordinary Family Takaful risk fund for the next 5 years, taking into consideration of the risk fund balance less the best estimates of net liabilities for certificates. Based on the projection, the Company has not made further impairment to the balance of Qard receivable in the Takaful Operator Fund.

**14 RETAKAFUL ASSETS**

	<b>30.6.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Retakaful of Takaful contracts (Note 15)		
- Family Takaful Fund	<u>21,760</u>	<u>27,120</u>

The carrying amount disclosed above in respect of retakaful of takaful contracts approximate fair values at the date of the statement of financial position.

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**15 TAKAFUL CONTRACT LIABILITIES**

	<b>30.6.2021</b>			<b>31.12.2020</b>		
	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Family Takaful Fund	777,298	(21,760)	755,538	762,030	(27,120)	734,910
Less: Net asset value of investment-linked units held by Takaful Operator Company	-	-	-	3,100	-	3,100
	<b>777,298</b>	<b>(21,760)</b>	<b>755,538</b>	<b>758,930</b>	<b>(27,120)</b>	<b>731,810</b>

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

	<b>30.6.2021</b>			<b>31.12.2020</b>		
	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Certificateholders' liabilities	212,858	(15,486)	197,372	211,216	(17,989)	193,227
Net asset value attributable to unitholders	510,352	-	510,352	504,363	-	504,363
Actuarial liabilities	723,210	(15,486)	707,724	715,579	(17,989)	697,590
Unallocated surplus attributable to unitholders	13,962	-	13,962	9,431	-	9,431
Accumulated deficits of non-investment-linked funds	(22,911)	-	(22,911)	(27,173)	-	(27,173)
Qard	21,939	-	21,939	21,712	-	21,712
Claims liabilities	37,924	(6,274)	31,650	31,411	(9,131)	22,280
Available-for-sale fair value adjustment	3,174	-	3,174	11,070	-	11,070
	<b>777,298</b>	<b>(21,760)</b>	<b>755,538</b>	<b>762,030</b>	<b>(27,120)</b>	<b>734,910</b>

	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	656,222	(25,343)	630,879
Contributions received	411,200	(39,945)	371,255
Liabilities paid for death, maturities, surrenders, benefits and claims	(153,866)	23,730	(130,136)
Movement in claims liabilities	(5,712)	3,664	(2,048)
Experience variance on inforce Takaful certificates	4,838	(2,757)	2,081
Reserve on new policies	(20,122)	850	(19,272)
Miscellaneous	15,510	12,681	28,191
Fees deducted	(123,684)	-	(123,684)
Surplus distributed to Takaful Operator	(5,000)	-	(5,000)
Qard	(10,609)	-	(10,609)
Prior year surplus distributed to participant fund	(11,500)	-	(11,500)
Movement in AFS fair value adjustments:			
- gross fair value changes	5,166	-	5,166
- deferred tax	(413)	-	(413)
Movement in AFS fair value adjustments	4,753	-	4,753
At 31 December 2020	<b>762,030</b>	<b>(27,120)</b>	<b>734,910</b>

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)**

	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2021	762,030	(27,120)	734,910
Contributions received	204,461	(21,824)	182,637
Liabilities paid for death, maturities, surrenders, benefits and claims	(71,176)	11,147	(60,029)
Movement in claims liabilities	(6,512)	(2,857)	(9,369)
Experience variance on inforce Takaful certificates	11,008	(2,806)	8,202
Reserve on new policies	(2,774)	302	(2,472)
Miscellaneous	23,133	21,398	44,531
Fees deducted	(130,204)	-	(130,204)
Qardhul Hassan	228	-	228
Prior year surplus distributed to participant fund	(5,000)	-	(5,000)
Movement in AFS fair value adjustments:			
- gross fair value changes	(8,583)	-	(8,583)
- deferred tax	687	-	687
Movement in AFS fair value adjustments	(7,896)	-	(7,896)
At 30 June 2021	<b>777,298</b>	<b>(21,760)</b>	<b>755,538</b>

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

**16 CASH FLOWS**

	<b>30.06.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Net loss for the financial period	(2,480)	(3,493)
<b>Adjustment for:</b>		
Investment income	(14,074)	(14,758)
Realised losses/(gains) from disposal of FVTPL and AFS investments	25	(13)
Fair value losses	26,529	19,869
Depreciation of property and equipment	570	494
Amortisation of intangible assets	372	207
Depreciation of right-of-use assets	697	805
Interest expenses on lease liabilities	63	113
Tax expense attributable to Takaful Operator	1,774	2,353
Tax income attributable to participants	(1,291)	(3,588)
<b>Changes in working capital:</b>		
Decrease in financial assets at fair value through profit or loss	(28,824)	(19,895)
Decrease in available-for-sale financial assets	(56,440)	(75,003)
Decrease/(Increase) in retakaful assets	5,360	(162)
Decrease in Takaful receivables	508	7,659
(Increase)/decrease in other receivables	(1,199)	836
Increase in Takaful contract liabilities	23,163	43,897
Increase in Takaful payables	2,069	5,453
Increase/(decrease) in other payables	2,196	(21,635)
(Decrease)/increase in expense liabilities	(1,332)	742
Cash used in operating activities	<b>(42,314)</b>	<b>(56,119)</b>

Company No.  
200601012246 (731996-H)

**ZURICH TAKAFUL MALAYSIA BERHAD**  
(Incorporated in Malaysia)

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

**17 RISK MANAGEMENT FRAMEWORK**

Capital Management

	<b>30.6.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Tier 1 Capital</u>		
Paid-up capital	180,000	180,000
Reserves, including retained earnings	3,744	434
	<u>183,744</u>	<u>180,434</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	3,328	10,527
Total Capital Available	<u>187,072</u>	<u>190,961</u>

**18 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 2023 (see Note 2.1).

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:

	<b>AAA to AA</b>	<b>A1 to A3</b>	<b>Not rated</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
30 June 2021				
AFS investments:				
Malaysian Government Securities	-	-	3,273	3,273
Islamic debt securities, unquoted	393,591	6,377	7,439	407,407
	<u>393,591</u>	<u>6,377</u>	<u>10,712</u>	<u>410,680</u>

- (b) Fair value / carrying amount:

	<b>Financial assets with SPPI cash flows</b>	<b>Other financial assets</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fair value at 30 June 2021	410,680	635,837	1,046,517
Fair value changes during the financial period	(10,532)	(26,529)	(37,061)
Financial assets that do not have low credit risk:			
- Fair value/carrying amount at 30 June 2021 under MFRS 139	-	NA	NA

N/A – not applicable

**Zurich Takaful Malaysia Berhad**

Registration No. 200601012246 (731996-H)

Level 23A, Mercu 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, Malaysia

Tel: 03-2109 6000 Fax: 03-2109 6888 Call Centre: 1-300-888-622

[www.zurich.com.my](http://www.zurich.com.my)

