

Unaudited Condensed
Interim Financial Statements
For the Six Months Period
Ended 30 June 2023

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
(Incorporated in Malaysia)

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ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	General Takaful Fund			Company		
		30.06.2023	31.12.2022	01.01.2022	30.06.2023	31.12.2022	01.01.2022
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated	Restated		Restated	Restated	
ASSETS							
Property and equipment		-	-	-	2,328	2,658	2,533
Right-of-use assets		-	-	-	2,678	4,738	1,891
Intangible assets		-	-	-	21,148	22,248	24,394
Investments	12	1,238,855	903,843	617,443	1,860,119	1,389,576	1,000,516
Retakaful certificate assets	14	63,607	74,490	86,031	63,607	74,490	86,031
Other receivables		97	210	378	635	1,058	2,148
Current tax assets		-	-	-	2,833	3,395	-
Deferred tax assets		-	-	-	31,238	27,557	20,573
Cash and cash equivalents		58,188	247,265	333,915	120,180	381,780	455,436
TOTAL ASSETS		1,360,747	1,225,808	1,037,767	2,104,766	1,907,500	1,593,522
SHAREHOLDERS' EQUITY, AND LIABILITIES							
Takaful certificate liabilities	13	1,297,498	1,172,023	982,901	1,389,677	1,255,645	1,051,388
Lease liabilities		-	-	-	3,003	5,118	2,341
Other payables		52,122	46,323	51,814	96,049	89,326	57,099
Current tax liabilities		6,067	2,661	1,794	6,067	2,661	6,176
Deferred tax liabilities		5,060	4,801	1,258	5,060	4,801	1,258
TOTAL LIABILITIES		1,360,747	1,225,808	1,037,767	1,499,856	1,357,551	1,118,262
Share capital		-	-	-	447,000	422,000	377,000
Retained earnings		-	-	-	158,318	132,316	98,269
Fair value reserves		-	-	-	(408)	(4,367)	(9)
TOTAL SHAREHOLDERS' EQUITY		-	-	-	604,910	549,949	475,260
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,360,747	1,225,808	1,037,767	2,104,766	1,907,500	1,593,522

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	General Takaful Fund		Company	
	30.06.2023 RM'000	30.06.2022 RM'000 Restated	30.06.2023 RM'000	30.06.2022 RM'000 Restated
Takaful revenue	427,369	352,275	414,195	339,442
Takaful service expense	(409,673)	(340,548)	(360,954)	(309,367)
Takaful service result before retakaful certificates held	17,696	11,727	53,241	30,075
Allocation of retakaful contributions	(17,301)	(25,572)	(17,301)	(25,572)
Amounts recoverable from retakaful operators for incurred claims	(5,732)	9,304	(5,732)	9,304
Net expense from retakaful certificates held	(23,033)	(16,268)	(23,033)	(16,268)
Takaful service result	(5,337)	(4,541)	30,208	13,807
Profit revenue calculated using the effective profit method	22,060	13,642	32,959	21,016
Net fair value (losses)/gains on derecognition of financial assets at fair value through other comprehensive income/available-for-sale financial assets	(9)	118	(9)	176
Impairment loss on financial assets/reversal of impairment loss	(78)	-	(129)	-
Other investment expense	(20)	(30)	(596)	-
Total investment income	21,953	13,730	32,225	21,192
Takaful finance expenses for takaful certificates issued	(11,078)	(7,504)	(11,157)	(7,573)
Retakaful finance (expenses)/income for retakaful certificates held	(811)	3,870	(811)	3,870
Net takaful financial result	(11,889)	(3,634)	(11,968)	(3,703)
Other income/(expenses)	258	213	(7,679)	(6,136)
Other finance cost	-	-	(41)	(27)
Profit before zakat and taxation	4,985	5,768	42,745	25,133
Tax expense attributable to participants	(4,985)	(5,768)	(4,985)	(5,768)
Tax expense attributable to Takaful Operator	-	-	(10,012)	(5,454)
Zakat	-	-	(973)	(529)
Net profit for the financial period	-	-	26,775	13,382
Basic earnings per share (sen)			6.89	3.62

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
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UNAUDITED CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	General Takaful Fund		Company	
	30.06.2023 RM'000	30.06.2022 RM'000 Restated	30.06.2023 RM'000	30.06.2022 RM'000 Restated
Net profit for the financial period	-	-	26,775	13,382
Other comprehensive income/(loss)				
<i>OCI to be reclassified to profit or loss in subsequent periods</i>				
Change in fair value of financial assets	-	-	4,192	(6,273)
Debt instruments at fair value through other comprehensive income/available-for-sale financial assets	-	-	4,192	(6,273)
Income tax relating to items that may be reclassified	-	-	(1,006)	1,506
Total other comprehensive income/(loss)	-	-	3,186	(4,767)
Total comprehensive income for the financial period	-	-	29,961	8,615

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	Issued and fully paid ordinary shares	Non- distributable Fair value reserves	Distributable Retained earnings	Total
	Share capital RM'000	RM'000	RM'000	RM'000
Company				
At 1 January 2022 (As previously reported)	377,000	(9)	107,176	484,167
Impact of initial application of MFRS 17	-	-	(8,907)	(8,907)
At 1 January 2022 (Restated)	377,000	(9)	98,269	475,260
Issuance of shares during the financial period	45,000	-	-	45,000
Net profit for the financial period	-	-	13,382	13,382
Other comprehensive loss for the period	-	(4,767)	-	(4,767)
At 30 June 2022 (Restated)	422,000	(4,776)	111,651	528,875
At 1 January 2023	422,000	(4,367)	132,316	549,949
Impact of initial application of MFRS 9	-	773	(773)	-
At 1 January 2023 (Restated)	422,000	(3,594)	131,543	549,949
Issuance of shares during the financial period	25,000	-	-	25,000
Net profit for the financial period	-	-	26,775	26,775
Other comprehensive income for the period	-	3,186	-	3,186
At 30 June 2023	447,000	(408)	158,318	604,910

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	Note	Company	
		30.06.2023	30.06.2022
		RM'000	RM'000
OPERATING ACTIVITIES			
Cash utilised in operating activities	16	(298,748)	(258,282)
Net investment income received		28,802	69,547
Interest expense on lease liabilities		(41)	(27)
Tax paid		(15,835)	(9,155)
Net cash outflows from operating activities		(285,822)	(197,917)
INVESTING ACTIVITIES			
Purchase of property and equipment		(90)	(415)
Purchase of intangible assets		-	(56)
Net cash outflows from investing activities		(90)	(471)
FINANCING ACTIVITIES			
Proceeds from issuance of shares		25,000	45,000
Payment on lease liabilities		(688)	(829)
Net cash inflows from financing activities		24,312	44,171
Net decrease in cash and cash equivalents		(261,600)	(154,217)
Cash and cash equivalents at the beginning of the financial period		381,780	455,436
Cash and cash equivalents at the end of the financial period		120,180	301,219
Cash and cash equivalents comprise:			
Cash and bank balances		120,180	215,502
Fixed deposits with licensed financial institutions with original maturities less than 3 months		-	85,717
		120,180	301,219

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting", International Accounting Standard ("IAS") 34 "Interim Financial Reporting", Guidelines / Circulars issued by Bank Negara Malaysia ("BNM") and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2022, which were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), except as disclose in Note 2 to the interim financial statements.

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 changes in the financial position and performance of the Company since the financial year ended 31 December 2022.

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 2022, except for the financial results relating to the adoption of MFRS 17 "Insurance Contracts" and MFRS 9 "Financial Instruments". The comparative information and disclosure have been prepared in accordance with MFRSs and restated where relevant to reflect the initial adoption of the new accounting standards, MFRS 17 and MFRS 9.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

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 2022, except for the adoption of the following MFRS and amendments to MFRS:

<u>Description</u>	<u>Effective Date</u>
MFRS 17 " <i>Insurance Contracts</i> "	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The initial application of the abovementioned accounting standards and amendments issued by Malaysian Accounting Standards Board ("MASB") did not have any material financial impact to the current period and prior period financial statements of the Company upon their first adoption except as mentioned in Note 2 "Changes in Accounting Policies".

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES

(i) MFRS 17 "Insurance Contracts" and its Amendments

MFRS 17 replaces MFRS 4 "Insurance Contracts" for annual periods beginning on or after 1 January 2023. This standard has brought significant changes to the accounting for takaful and retakaful contracts. As a result, the Company has restated certain comparative financial information for the financial year ended 31 December 2022, including the opening balance as at 1 January 2022, by applying the transition requirements of MFRS 17.

Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Company's takaful certificates. The Company was previously permitted under MFRS 4 to continue accounting using its previous accounting policies. However, MFRS 17 establishes specific principles for the recognition and measurement of takaful certificates issued and retakaful certificates held by the Company.

The key principles of MFRS 17 are that the Company:

- Identifies takaful certificates as those under which the Company accepts significant takaful risk from another party (the certificate holders) by agreeing to compensate the certificate holder if a specified uncertain future event (the covered event) adversely affects the certificate holder.
- Separates specified embedded derivatives, distinct investment components and distinct non-takaful goods or services from takaful certificates and accounts for them in accordance with other standards.
- Divides the takaful and retakaful certificates into groups it will recognise and measure.
- Recognises and measures groups of takaful certificates at:
 - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.
Plus
 - An amount representing the unearned profit in the group of certificates (the contractual service margin or CSM).
- Recognises profit from a group of takaful certificates over the period the Company provides takaful coverage, as the Company is released from risk. If a group of certificates is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.
- Recognises an asset for takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of takaful certificates is recognised. Such an asset is derecognised when the takaful acquisition cash flows are included in the measurement of the related group of takaful certificates.

Under MFRS 17, the Company's takaful certificates issued and retakaful certificates held in-force are all eligible for Premium Application Approach ("PAA") for such contracts. PAA simplifies the measurement of takaful certificates in comparison to the general model in MFRS 17.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) MFRS 17 Insurance Contracts and its Amendments (cont'd.)

Changes to classification and measurement (cont'd)

The measurement principles of the PAA differ from the 'earned contribution approach' used by the Company under MFRS 4 in the following key areas:

- The liability for remaining coverage reflects contributions received less deferred takaful acquisition cash flows and less amounts recognised in revenue for takaful services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the contribution due date and the related period of services are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred takaful expenses;
- Measurement of the asset for remaining coverage (reflecting retakaful contribution paid for retakaful certificate held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous certificate losses where such certificates retakaful onerous direct certificates.

For takaful acquisition cash flows, the Company allocates the acquisition cash flows to groups of takaful certificates issued or expected to be issued using a systematic and rational basis. Takaful acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of certificates in that group. Where such takaful acquisition cash flows are paid (or where a liability has been recognised applying another MFRS standard) before the related group of takaful certificates is recognised, an asset for takaful acquisition cash flows is recognised. When takaful certificates are recognised, the related portion of the asset for takaful acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the takaful liability for remaining coverage of the related group.

Level of aggregation

Under MFRS 17, takaful and retakaful certificates are aggregated into groups for measurement purpose. Groups of certificates are determined by first identifying portfolios of certificates, each comprising certificates subject to similar risks and managed together. Each portfolio is divided into annual cohorts (i.e. by years of issuance and inception) and groups of certificates.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) MFRS 17 Insurance Contracts and its Amendments (cont'd.)

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates takaful and retakaful certificates issued and retakaful certificates held, respectively and presents separately:

- Portfolios of takaful certificates issued that are assets
- Portfolios of retakaful certificates held that are assets
- Portfolios of takaful certificates issued that are liabilities
- Portfolios of retakaful certificates held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

Portfolios of takaful certificates issued include any assets for takaful acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Company reported the following main line items: contribution income, claims paid, and change in takaful certificate liabilities. MFRS 17 requires separate presentation of:

- takaful revenue
- takaful service expense
- takaful finance income or expense

The Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from takaful certificates
- Significant judgements, and changes in those judgements, made when applying the standard

Transition

The Company determined the transition approach at groups of takaful certificates levels, depending on availability of reasonable and supportable historical information. The Company applied a retrospective transition approach and expected that most groups of takaful certificates follow either a full retrospective approach or fair value approach.

The Company has assessed that its takaful certificates issued and retakaful certificates held in force as of the transition date will be eligible for the application of PAA for such certificates under MFRS 17. Due to their short-term nature, such in force certificates will typically use the full retrospective transition approach. The Company has assessed the practicability of selected transition approach on initial adoption of MFRS 17:

- Full retrospective approach ("FRA")** – The Company has ascertained that FRA applies to all portfolio of certificates that are effective from the year 2016 and unexpired portfolio of takaful certificates effective from 2015 and prior, as if MFRS 17 had always been applied; and
- Modified retrospective approach ("MRA")** – For portfolios that expired from 2015 and prior, the application of FRA is impracticable and hence, MRA is adopted.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) MFRS 17 Insurance Contracts and its Amendments (cont'd.)

Changes to presentation and disclosure (cont'd.)

Transition (cont'd)

As the Company currently applies best estimate reserving under its current accounting policies, the implementation of MFRS 17 does not have a significant impact on general takaful nominal reserves. The impact on shareholders' equity at transition is from the offsetting effects from the application of discounting (positive effect) and risk adjustment for non-financial risk for the Company's loss reserves (negative effect). The impact in shareholders' equity for the Company with the transition of MFRS 17 was a negative impact of RM8,907,000, net of tax, as of 1 January 2022.

Financial Impact

The impact of transition of MFRS 17 on the Company balance sheet at 1 January 2022 is as follows:

Opening balance sheet

	MFRS 4 1 January 2022 RM'000	Remapping/ removal of MFRS 4 RM'000	Remeasure- ment effect of MFRS 17 RM'000	MFRS 17 1 January 2022 RM'000
General Takaful Fund				
Assets				
Investments	617,443	-	-	617,443
Retakaful certificate assets	111,885	(18,390)	(7,464)	86,031
Takaful receivables	47,151	(47,151)	-	-
Other receivables	378	-	-	378
Deferred tax assets	3,815	1,258	(5,073)	-
Cash and cash equivalents	333,915	-	-	333,915
Total assets	1,114,587	(64,283)	(12,537)	1,037,767
Liabilities				
Takaful certificate liabilities	996,661	(1,223)	(12,537)	982,901
Other liabilities	83,504	(31,690)	-	51,814
Takaful payables	32,628	(32,628)	-	-
Current tax liabilities	1,794	-	-	1,794
Deferred tax liabilities	-	1,258	-	1,258
Total liabilities	1,114,587	(64,283)	(12,537)	1,037,767

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) MFRS 17 Insurance Contracts and its Amendments (cont'd.)

Changes to presentation and disclosure (cont'd.)

Financial Impact (cont'd.)

The impact of transition of MFRS 17 on the Company balance sheet at 1 January 2022 is as follows: (cont'd.)

Opening balance sheet (cont'd.)

Company	MFRS 4 1 January 2022 RM'000	Remapping/ removal of MFRS 4 RM'000	Remeasure- ment effect of MFRS 17 RM'000	MFRS 17 1 January 2022 RM'000
Assets				
Property, and equipment	2,533	-	-	2,533
Right-of-use assets	1,891	-	-	1,891
Intangible assets	24,394	-	-	24,394
Investments	1,000,516	-	-	1,000,516
Retakaful certificate assets	111,885	(18,390)	(7,464)	86,031
Takaful receivables	47,151	(47,151)	-	-
Other receivables	2,148	-	-	2,148
Deferred tax assets	21,531	1,258	(2,216)	20,573
Cash and cash equivalents	455,436	-	-	455,436
Total assets	1,667,485	(64,283)	(9,680)	1,593,522
SHAREHOLDERS' EQUITY AND LIABILITIES				
Takaful certificate liabilities	996,661	44,945	9,782	1,051,388
Lease liabilities	2,341	-	-	2,341
Expense liabilities	46,168	(46,168)	-	-
Other liabilities	99,344	(31,690)	(10,555)	57,099
Takaful payables	32,628	(32,628)	-	-
Current tax liabilities	6,176	-	-	6,176
Deferred tax liabilities	-	1,258	-	1,258
Total liabilities	1,183,318	(64,283)	(773)	1,118,262
Share capital	377,000	-	-	377,000
Retained earnings	107,176	-	(8,907)	98,269
Available-for-sale reserves	(9)	-	-	(9)
Total shareholders' equity	484,167	-	(8,907)	475,260
Total shareholders' equity and liabilities	1,667,485	(64,283)	(9,680)	1,593,522

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) MFRS 17 Insurance Contracts and its Amendments (cont'd.)

Changes to presentation and disclosure (cont'd.)

Financial Impact (cont'd.)

Opening balance sheet (cont'd.)

	General Takaful Fund	Company
	1 January 2022	1 January 2022
	RM'000	RM'000
	Restated	Restated
<u>Retakaful certificate that are assets</u>		
Liabilities for remaining coverage for reinsurance contracts held	(9,131)	(9,131)
Liabilities for incurred claims	95,162	95,162
Total	<u>86,031</u>	<u>86,031</u>
<u>Takaful certificate liabilities</u>		
Liabilities for remaining coverage		
Expected loss component	221,250	279,182
Liabilities for incurred claims		
Present value of future cash flows	734,997	745,552
Risk adjustment	26,654	26,654
Total	<u>982,901</u>	<u>1,051,388</u>

The following table show the nature and amount of the measurement adjustments made to the opening balance sheet:

	Description
Remapping / Removal of MFRS 4	The items include: • Takaful receivables, takaful payables, retakaful certificate assets, takaful certificate liabilities and other payables were removed on transition and are net off within MFRS 17 equivalents.
Remeasurement effects of MFRS 17	The items includes: <i>Fulfilment cash flows ("FCF")</i> The measurement of takaful certificate assets / liabilities under MFRS 17 is based on groups of takaful contracts and includes a liability for fulfilling the contract obligations associated with the takaful contract, such as contribution, expenses, and takaful benefits and claims. These are recorded within the FCF component of the takaful certificate liabilities, together with the risk adjustment. <i>Tax effect</i> New deferred tax were reported, where appropriate, on temporary differences between the new MFRS 17 accounting balances and associated tax bases.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(ii) MFRS 9 Financial Instruments

MFRS 9 replaces 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. However, as the Company qualifies for temporary exemption under the guidance on Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts from applying MFRS 9 and has deferred and adopted MFRS 9 together with MFRS 17, for the financial year beginning on or after 1 January 2023.

The nature of the changes in accounting policies can be summarised as follows:

To determine their classification and measurement category, MFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The MFRS 139 measurement categories for financial assets fair value through profit or loss ("FVTPL"), available-for-sale ("AFS"), held-to-maturity ("HTM") and loans and receivables ("LAR") at amortised cost have been replaced by:

- Financial assets at fair value through profit or loss including equity instruments and derivatives
- Debt instruments at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at amortised cost

The Company has classified and measured all of its holding in debt instruments as FVOCI. Its fixed deposits are classified and measured at amortised cost.

There will be no significant changes to the Company's accounting for financial liabilities as it largely retains the MFRS 139 requirements.

Changes to the impairment calculation

The adoption of MFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets held at FVOCI or amortised cost by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

MFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVTPL.

For debt instruments, the ECL is based on the portion of lifetime ECLs that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

The Company's debt instruments at FVOCI comprise of Government Investment and Islamic debt securities that are graded in the top investment category by MARC and RAM therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL basis. The Company does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 30 days past due. Where the credit risk of any debt securities deteriorates, the Company will sell and purchase debt securities meeting the required investment grade.

The Company considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. There were no such instances in 2023 or 2022.

The adoption of the ECL requirements of MFRS 9 resulted in increases in impairment allowances on the Company's debt instruments. The increase in allowance was adjusted to retained earnings.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(ii) MFRS 9 Financial Instruments (cont'd.)

Disclosure

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extend of the Company's disclosure about its financial instruments particularly in the year of the adoption of the new standard.

The Company has applied the new rules retrospectively from 1 January 2023, without restating prior periods' information and recognising any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in its' opening retained earnings.

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs.

A reconciliation between the carrying amounts under MFRS 139 to the balances reported under MFRS 9 as of 1 January 2023 is, as follows:

Category	31 December 2022 MFRS 139 carrying amount		MFRS 9 Reclassification		1 January 2023 MFRS 9 carrying amount	
	Amount	Amount	Amount	Amount	Amount	Category
	RM'000	RM'000	RM'000	RM'000		
General Takaful Fund						
Financial assets						
Cash and cash equivalents	LAR	247,265	-	-	247,265	AC
Fixed deposits with licensed financial institutions	LAR	438,842	-	-	438,842	AC
		<u>686,107</u>	<u>-</u>	<u>-</u>	<u>686,107</u>	
Available-for-sale ("AFS") financial assets		465,001	-	-	465,001	
<i>To: Debt instruments at FVOCI</i>		-	(465,001)	(465,001)		
	AFS	<u>465,001</u>	<u>(465,001)</u>	<u>-</u>		
Debt instruments at FVOCI		-	-	-		
<i>From: AFS financial assets</i>		-	465,001	465,001		
		<u>-</u>	<u>465,001</u>	<u>465,001</u>		FVOCI
Company						
Financial assets						
Cash and cash equivalents	LAR	381,780	-	-	381,780	AC
Fixed deposits with licensed financial institutions	LAR	470,875	-	-	470,875	AC
		<u>852,655</u>	<u>-</u>	<u>-</u>	<u>852,655</u>	
AFS financial assets		918,701	-	-	918,701	
<i>To: Debt instruments at FVOCI</i>		-	(918,701)	(918,701)		
	AFS	<u>918,701</u>	<u>(918,701)</u>	<u>-</u>		
Debt instruments at FVOCI		-	-	-		
<i>From: AFS financial assets</i>		-	918,701	918,701		
		<u>-</u>	<u>918,701</u>	<u>918,701</u>		FVOCI

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2. CHANGE IN ACCOUNTING POLICIES (cont'd)

(ii) MFRS 9 Financial Instruments (cont'd.)

	Reserves and retained earnings RM'000
Fair value reserve	
Closing balance under MFRS 139 (31 December 2022)	(4,367)
Recognition of ECLs under MFRS 9 for financial assets at FVOCI	1,017
Deferred tax in relation to MFRS 9 application	(244)
<i>Opening balance under MFRS 9 (1 January 2023)</i>	<u>(3,594)</u>
Retained earnings	
Closing balance under MFRS 139 (31 December 2022)	143,251
Impact of initial application of MFRS 17	(10,935)
<i>Closing balance under MFRS 139 (31 December 2022) - Restated</i>	<u>132,316</u>
Recognition of MFRS 9 ECLs including those measured at FVOCI (see below)	(1,017)
Deferred tax in relation to MFRS 9 application	244
<i>Opening balance under MFRS 9 (1 January 2023)</i>	<u>131,543</u>
Total change in equity due to application MFRS 9	<u>-</u>
Total change in equity due to application of MFRS 17	<u>(10,935)</u>

The transition impact of MFRS 9 for General Takaful Fund is recognised in the takaful certificate liabilities.

The following table reconciles the aggregate opening loan loss provision allowances under MFRS 139 to the ECL allowances under MFRS 9. Further details are disclosed in Note 2(ii).

	Loss provision under MFRS 139 as at 31.12.2022 RM'000	Re- measurement RM'000	ECLs under MFRS 9 as at 01.01.2023 RM'000
Impairment allowance for:			
AFS financial assets per MFRS 139	<u>-</u>	<u>1,017</u>	<u>1,017</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the audited financial statements for the financial year ended 31 December 2022 was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

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

5. UNUSUAL ITEMS

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

6. CHANGE IN ESTIMATES

For interim financial reporting, the Company chooses to change the accounting estimates made in previous interim financial statements when applying MFRS17 in subsequent interim financial statements. Please refer to the Note 2 Changes in Accounting Policies for further details.

7. DIVIDEND PAYMENT

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

8. CHANGES IN COMPOSITION OF THE COMPANY

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

9. SIGNIFICANT AND SUBSEQUENT EVENT

Significant event during the financial period is disclosed in Note 18. 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.

10. 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.

11. 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.

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12. INVESTMENTS

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

	General Takaful Fund		Company	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Debt instruments at FVOCI / AFS financial assets	494,750	465,001	979,045	918,701
Loans and receivables/financial assets at amortised cost	744,105	438,842	881,074	470,875
	<u>1,238,855</u>	<u>903,843</u>	<u>1,860,119</u>	<u>1,389,576</u>
The following investments mature after 12 months:				
Debt instruments at FVOCI	419,750	-	859,256	-
AFS financial assets	-	361,359	-	779,670
	<u>419,750</u>	<u>361,359</u>	<u>859,256</u>	<u>779,670</u>

(a) Debt instruments measured at FVOCI / AFS financial assets

	General Takaful Fund		Company	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
<u>At fair value</u>				
Debt instruments at FVOCI / AFS financial assets				
Government Investment Issues	-	-	159,196	158,582
Islamic debt securities, unquoted	494,750	465,001	819,849	760,119
	<u>494,750</u>	<u>465,001</u>	<u>979,045</u>	<u>918,701</u>

The investments of the Company was previously classified as AFS under MFRS139 with a carrying value of RM918,701,000 as at 31 December 2022.

(b) Loans and receivables / financial assets at amortised cost

	General Takaful Fund		Company	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
<u>Amortised cost</u>				
Fixed deposits with licensed financial institutions	744,105	438,842	881,074	470,875
	<u>744,105</u>	<u>438,842</u>	<u>881,074</u>	<u>470,875</u>

The carrying amounts of financial assets at amortised cost are reasonable approximations of fair values due to the short-term maturity of the financial assets.

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13. TAKAFUL CERTIFICATES LIABILITIES

13.1 TAKAFUL CERTIFICATES ISSUED

13.1.1 Roll-forward of net asset or liability of takaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Contracts measured under the PAA

13.1.1.1 Takaful certificates issued

The roll-forward of the net asset or liability for takaful certificates issued for contracts measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the general takaful fund, is disclosed in the table below:

	30.06.2023					31.12.2022						
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims				
	Excluding loss component	Loss component	Estimates of the present value of future cash flows		Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows		Risk adjustment	Total
			RM'000	RM'000					RM'000	RM'000		
General takaful fund												
Takaful certificate liabilities as at 1 January 2023 / 2022	253,910	-	887,170	30,943	1,172,023	221,250	-	734,997	26,654	982,901		
Takaful revenue	(427,369)	-	-	-	(427,369)	(745,423)	-	-	-	(745,423)		
Takaful service expense	145,641	-	261,561	2,471	409,673	255,344	-	449,305	3,771	708,420		
Takaful service result	(281,728)	-	261,561	2,471	(17,696)	(490,079)	-	449,305	3,771	(37,003)		
Takaful finance expenses	335	-	10,305	438	11,078	590	-	15,519	667	16,776		
Total changes in the statement of profit or loss	(281,393)	-	271,866	2,909	(6,618)	(489,489)	-	464,824	4,438	(20,227)		
Cash flows												
Contributions received	462,654	-	-	-	462,654	780,621	-	-	-	780,621		
Claims and other expenses paid	(145,641)	-	(188,352)	-	(333,993)	(255,344)	-	(309,207)	-	(564,551)		
Total cash flows	317,013	-	(188,352)	-	128,661	525,277	-	(309,207)	-	216,070		
Other movements	1,801	-	1,540	91	3,432	(3,128)	-	(3,444)	(149)	(6,721)		
Net takaful certificate liabilities as at 30 June 2023 / 31 December 2022	291,331	-	972,224	33,943	1,297,498	253,910	-	887,170	30,943	1,172,023		

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13. TAKAFUL CERTIFICATES LIABILITIES (CONT'D.)

13.1 TAKAFUL CERTIFICATES ISSUED (CONT'D.)

13.1.1 Roll-forward of net asset or liability of takaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Contracts measured under the PAA (cont'd.)

13.1.1.1 Takaful certificates issued (cont'd.)

The roll-forward of the net asset or liability for takaful certificates issued for contracts measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the general takaful fund, is disclosed in the table below:

	30.06.2023					31.12.2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company										
Takaful certificate liabilities as at 1 January 2023 / 2022	324,692	-	900,010	30,943	1,255,645	279,182	-	745,552	26,654	1,051,388
Takaful revenue	(414,195)	-	-	-	(414,195)	(718,430)	-	-	-	(718,430)
Takaful service expense	67,387	-	291,096	2,471	360,954	117,777	-	510,825	3,771	632,373
Takaful service result	(346,808)	-	291,096	2,471	(53,241)	(600,653)	-	510,825	3,771	(86,057)
Takaful finance expenses	414	-	10,305	438	11,157	736	-	15,519	667	16,922
Total changes in the statement of profit or loss	(346,394)	-	301,401	2,909	(42,084)	(599,917)	-	526,344	4,438	(69,135)
Cash flows										
Contributions received	462,596	-	-	-	462,596	780,536	-	-	-	780,536
Claims and other expenses paid	-	-	(216,647)	-	(216,647)	-	-	(368,442)	-	(368,442)
Takaful acquisition cash flows	(73,265)	-	-	-	(73,265)	(131,981)	-	-	-	(131,981)
Total cash flows	389,331	-	(216,647)	-	172,684	648,555	-	(368,442)	-	280,113
Other movements	1,801	-	1,540	91	3,432	(3,128)	-	(3,444)	(149)	(6,721)
Net takaful certificate liabilities as at 30 June 2023 / 31 December 2022	369,430	-	986,304	33,943	1,389,677	324,692	-	900,010	30,943	1,255,645

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14. RETAKAFUL CERTIFICATE ASSETS

14.1 RETAKAFUL CERTIFICATES HELD

14.1.1 Roll-forward of net asset or liability of retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Contracts measured under the PAA

14.1.1.1 Retakaful certificates held

The roll-forward of the net asset or liability for retakaful certificates held for contracts measured under the PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the general takaful fund, is disclosed in the table below:

	30.06.2023					31.12.2022				
	Assets for remaining coverage		Amounts recoverable on incurred claims			Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General takaful fund										
Retakaful certificate assets as at 1 January 2023 / 2022	(13,954)	-	84,204	4,240	74,490	(9,131)	-	90,670	4,492	86,031
Allocation of retakaful contributions	(17,301)	-	-	-	(17,301)	(47,826)	-	-	-	(47,826)
Amounts recoverable from retakaful operators	-	-	(5,013)	(719)	(5,732)	-	-	2,540	(348)	2,192
Net income or expense from retakaful certificates held	(17,301)	-	(5,013)	(719)	(23,033)	(47,826)	-	2,540	(348)	(45,634)
Retakaful finance income/(expense)	11	-	1,154	63	1,228	(4)	-	2,350	122	2,468
Effect of changes in non-performance risk of retakaful operators	-	-	(2,039)	-	(2,039)	-	-	1,642	-	1,642
Total changes in the statement of profit or loss	(17,290)	-	(5,898)	(656)	(23,844)	(47,830)	-	6,532	(226)	(41,524)
Cash flows										
Contributions paid	14,957	-	-	-	14,957	42,617	-	-	-	42,617
Amounts received	-	-	(2,017)	-	(2,017)	-	-	(12,513)	-	(12,513)
Total cash flows	14,957	-	(2,017)	-	12,940	42,617	-	(12,513)	-	30,104
Other movements	(56)	-	73	4	21	390	-	(485)	(26)	(121)
Net retakaful certificate assets as at 30 June 2023 / 31 December 2022	(16,343)	-	76,362	3,588	63,607	(13,954)	-	84,204	4,240	74,490

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14. RETAKAFUL CERTIFICATE ASSETS (CONT'D.)

14.1 RETAKAFUL CERTIFICATES HELD (CONT'D.)

14.1.1 Roll-forward of net asset or liability of retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Contracts measured under the PAA (cont'd.)

14.1.1.1 Retakaful certificates held (cont'd.)

The roll-forward of the net asset or liability for retakaful certificates held for contracts measured under the PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the Company, is disclosed in the table below:

	30.06.2023					31.12.2022				
	Assets for remaining coverage		Amounts recoverable on incurred claims			Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company										
Retakaful certificate assets as at 1 January 2023 / 2022	(13,954)	-	84,204	4,240	74,490	(9,131)	-	90,670	4,492	86,031
Allocation of retakaful contributions	(17,301)	-	-	-	(17,301)	(47,826)	-	-	-	(47,826)
Amounts recoverable from retakaful operators	-	-	(5,013)	(719)	(5,732)	-	-	2,540	(348)	2,192
Net income or expense from retakaful certificates held	(17,301)	-	(5,013)	(719)	(23,033)	(47,826)	-	2,540	(348)	(45,634)
Retakaful finance income/(expense)	11	-	1,154	63	1,228	(4)	-	2,350	122	2,468
Effect of changes in non-performance risk of retakaful operators	-	-	(2,039)	-	(2,039)	-	-	1,642	-	1,642
Total changes in the statement of profit or loss	(17,290)	-	(5,898)	(656)	(23,844)	(47,830)	-	6,532	(226)	(41,524)
Cash flows										
Contributions paid	14,957	-	-	-	14,957	42,617	-	-	-	42,617
Amounts received	-	-	(2,017)	-	(2,017)	-	-	(12,513)	-	(12,513)
Total cash flows	14,957	-	(2,017)	-	12,940	42,617	-	(12,513)	-	30,104
Other movements	(56)	-	73	4	21	390	-	(485)	(26)	(121)
Net retakaful certificate assets as at 30 June 2023 / 31 December 2022	(16,343)	-	76,362	3,588	63,607	(13,954)	-	84,204	4,240	74,490

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. FAIR VALUE INFORMATION

(a) Determination of fair value and fair value hierarchy

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair value due to relative short-term nature of these financial instruments.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 - Quoted market price

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 - Valuation Techniques - Market observable input

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2022: No transfer in either directions).

Level 3 - Valuation Techniques - Unobservable inputs

Level 3 fair value, if any, is estimated using unobservable inputs for the financial assets and liabilities. The main asset classes in this category are unquoted equity securities, un-rated securities, and debt securities from organisations in default. The fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data and judgments.

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15. FAIR VALUE INFORMATION (CONT'D.)

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
General Takaful Fund										
30 June 2023										
Financial assets										
Debt instruments at FVOCI:										
Islamic debt securities, unquoted		494,750		494,750	-	-	-	-	494,750	494,750
	-	494,750	-	494,750	-	-	-	-	494,750	494,750
Financial assets at amortised cost:										
Fixed deposits with licensed financial institutions	-	-	-	-	-	744,105	-	744,105	744,105	744,105
TOTAL	-	494,750	-	494,750	-	744,105	-	744,105	1,238,855	1,238,855
31 December 2022										
Financial assets										
AFS financial assets:										
Islamic debt securities, unquoted	-	465,001	-	465,001	-	-	-	-	465,001	465,001
	-	465,001	-	465,001	-	-	-	-	465,001	465,001
Loans and receivables:										
Fixed deposits with licensed financial institutions	-	-	-	-	-	438,842	-	438,842	438,842	438,842
TOTAL	-	465,001	-	465,001	-	438,842	-	438,842	903,843	903,843

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15. FAIR VALUE INFORMATION (CONT'D.)

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company										
30 June 2023										
Financial assets										
Debt instruments at FVOCI:										
Government Investment Issues	-	159,196	-	159,196	-	-	-	-	159,196	159,196
Islamic debt securities, unquoted	-	819,849	-	819,849	-	-	-	-	819,849	819,849
	-	979,045	-	979,045	-	-	-	-	979,045	979,045
Financial assets at amortised cost:										
Fixed deposits with licensed financial institutions	-	-	-	-	-	881,074	-	881,074	881,074	881,074
TOTAL	-	979,045	-	979,045	-	881,074	-	881,074	1,860,119	1,860,119
31 December 2022										
Financial assets										
AFS financial assets:										
Government Investment Issues	-	158,582	-	158,582	-	-	-	-	158,582	158,582
Islamic debt securities, unquoted	-	760,119	-	760,119	-	-	-	-	760,119	760,119
	-	918,701	-	918,701	-	-	-	-	918,701	918,701
Loans and receivables:										
Fixed deposits with licensed financial institutions	-	-	-	-	-	470,875	-	470,875	470,875	470,875
TOTAL	-	918,701	-	918,701	-	470,875	-	470,875	1,389,576	1,389,576

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

16. CASH FLOWS

	Company	
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flow from operating activities		
Net profit for the financial period	26,775	13,382
Investment income	(32,959)	(21,820)
Realised loss/(gain) recorded in profit or loss	9	(176)
Purchase of financial assets	(144,051)	(60,537)
Proceeds from maturity and disposal of financial assets	90,006	-
Adjustments for:		
Depreciation of property and equipment	420	370
Fair value loss recorded in profit and loss	51	-
Depreciation of ROU assets	633	802
Amortisation of intangible assets	1,100	1,099
Interest expense	41	27
Tax expense	14,997	11,222
Operating loss before changes in working capital	(42,978)	(55,631)
Changes in working capital:		
Increase in loan and receivables	(404,495)	(306,481)
Increase in takaful certificate liabilities	130,696	102,583
Decrease/(increase) in retakaful certificate assets	10,883	(11,096)
Decrease in other receivables	423	93
Increase in other payables	6,723	12,250
Cash utilised in operating activities	(298,748)	(258,282)

ZURICH GENERAL TAKAFUL MALAYSIA BERHAD (201701045981 (1260157-U))
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

17. REGULATORY CAPITAL REQUIREMENT

The regulated capital of the Company as at 30 June 2023 comprised of Available Capital of RM666,151,000 (31 December 2022: RM600,875,000).

The capital structure of the Company as at 30 June 2023, as prescribed under the Risk Based Capital Framework for Takaful Operators ("RBCT"), is shown below:

	2023	2022
	RM'000	RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	447,000	422,000
Reserves including retained earnings	<u>271,067</u>	<u>236,317</u>
	<u>718,067</u>	<u>658,317</u>
<u>Tier 2 capital</u>		
Available-for-sale reserves	(455)	(7,954)
<u>Less:</u>		
<u>Deductions</u>		
Other intangible assets	(21,000)	(22,000)
Deferred tax assets	<u>(30,461)</u>	<u>(27,488)</u>
	<u>(51,461)</u>	<u>(49,488)</u>
Total Capital Available	<u>666,151</u>	<u>600,875</u>

18. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 28 June 2023, the Company increased its paid-up share capital to RM447,000,000 (31 December 2022: RM422,000,000) via the allotment of 25,000,000 new ordinary shares to its immediate holding company for cash of RM25,000,000.

The new ordinary shares issued in the current financial period ranked pari passu with existing shares as of issuance date.

Zurich General Takaful Malaysia Berhad

Registration No. 201701045981 (1260157-U)

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

