



TUNE INSURANCE MALAYSIA BERHAD (30686-K)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2013

30686-K TUNE INSURANCE MALAYSIA BERHAD (Incorporated in Malaysia)

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30686-K TUNE INSURANCE MALAYSIA BERHAD (Incorporated in Malaysia)

INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013

Group and Company		
Note	30.06.2013	31.12.2012
	RM'000	RM'000
Assets		
Property and equipment	10,234	10,273
Investment property	2,385	2,395
Intangible assets	160	157
Investments	436,713	448,403
Malaysian government securities	-	-
Debt securities	132,373	137,800
Equity securities	4,706	9,028
Unit and property trust funds	65,379	69,146
Loans	585	682
Deposit with financial institutions	233,670	231,747
Investment in subsidiary	-	-
Reinsurance Assets	206,391	163,585
Insurance receivables	74,932	60,524
Other receivables	35,463	31,160
Deferred tax assets	913	-
Cash and bank balances	8,397	2,215
Total assets	775,588	718,712
Equity and liabilities		
Share capital	100,013	100,013
Share premium account	3,335	3,335
Retained earnings	94,359	80,068
Available-for-sale fair value reserves	2,778	5,452
Total equity	200,485	188,868
Insurance contract liabilities	458,568	431,521
Deferred tax liabilities	-	508
Insurance payables	92,601	73,394
Other payables	23,056	23,273
Retirement benefits	878	1,148
Total liabilities	575,103	529,844
Total equity and liabilities	775,588	718,712

The Interim Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012.

**INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

Group and Company		6 months ended	6 months ended
	Note	30.06.2013 RM'000	30.06.2012 RM'000
Operating revenue		156,338	131,165
Gross earned premiums	6 (a)	148,126	135,663
Premiums ceded to reinsurers	6 (b)	<u>(78,456)</u>	<u>(67,042)</u>
Net earned premiums		<u>69,670</u>	<u>68,621</u>
Investment income		8,212	8,295
Realised gains and losses		3,688	5,257
Commission income		19,410	8,728
Other operating income		90	122
Other revenue		<u>31,400</u>	<u>22,402</u>
Gross claims paid		(79,601)	(52,706)
Claims ceded to reinsurers		20,674	13,554
Gross change in contract liabilities		(3,418)	(26,853)
Change in contract liabilities ceded to reinsurers		17,116	5,357
Net claims incurred		<u>(45,229)</u>	<u>(60,648)</u>
Provision for loss in MMIP		(2,400)	(2,101)
Commission expense		(21,669)	(12,296)
Management expenses		(17,027)	(12,116)
Other expenses		<u>(41,096)</u>	<u>(26,513)</u>
Profit before Taxation		14,745	3,862
Taxation		(450)	(1,117)
Net profit for the period		<u>14,295</u>	<u>2,745</u>
Other comprehensive income:			
<u>Movements in available-for-sale fair value reserves:</u>			
Gain on fair value changes of AFS investments		102	3,766
Realised gain transferred to profit or loss		(3,669)	(5,257)
Deferred tax relating to components of other comprehensive income		892	-
Net other comprehensive income for the period		(2,675)	(1,491)
Total comprehensive income for the period		<u>11,620</u>	<u>1,254</u>
Earnings per share (sen)		<u>14.3</u>	<u>2.7</u>

The Interim Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012.

**INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

Group and Company

	I--Non-Distributable--I Available- for-sale			Distributable	
	Share Capital RM'000	Share Premiums RM'000	fair value reserves RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2012	100,013	3,335	7,128	51,505	161,981
Total comprehensive income for the year	-	-	(1,676)	28,563	26,887
At 31 December 2012	100,013	3,335	5,452	80,068	188,868
Total comprehensive income for the half year ended 30.06.2013	-	-	(2,675)	14,295	11,620
At 30 June 2013	100,013	3,335	2,777	94,363	200,488

The Interim Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012.

**INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

Group and Company

	6 months ended 30.06.2013 RM'000	6 months ended 30.06.2012 RM'000
Profit before taxation	<u>14,745</u>	<u>3,862</u>
Investment income	(8,146)	(8,297)
Realised gain on disposal of investments	(3,669)	(5,257)
Purchases of AFS financial assets	(12,807)	(38,241)
Proceeds from maturity/disposal of AFS financial assets	22,822	48,209
Proceeds from maturity/disposal of HTM financial assets	-	(23,327)
Increase in LAR	16,355	-
Non-cash items		
Gain on disposal of property and equipment	(19)	(5)
Depreciation of property and equipment	400	424
Depreciation of investment property	10	11
Amortisation of intangible assets	-	-
Impairment loss of property and equipment	-	-
Net amortisation of premiums on investment	(66)	2
Reversal of allowance for impairment losses of insurance receivables	293	(3,661)
Insurance receivables written off	-	-
Changes in working capital:		
Reinsurance assets	(42,806)	4,429
Insurance receivables	(14,701)	(11,256)
Other receivables	1,573	5,283
Insurance contract liabilities	27,047	14,060
Insurance payables	19,207	10,754
Retirement benefits	-	-
Other payables	(220)	2,704
Cash generated/(used) from operating activities	<u>20,018</u>	<u>(306)</u>
Net interest received	7,606	5,515
Net dividend received	150	813
Rental received	173	183
Retirement benefits paid	(270)	(267)
Income tax paid	(2,969)	(2,362)
Net cash flows generated from operating activities	<u>24,708</u>	<u>3,576</u>

**INTERIM STATEMENTS OF CASH FLOWS (cont'd.)
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

Group and Company

Investing activities

Proceeds from disposal of property and equipment	19	5
Purchase of property and equipment	(361)	(321)
Purchase of intangibles	(3)	-
Net cash flows used in investing activities	<u>(345)</u>	<u>(316)</u>

Net increase in cash and cash equivalents	24,363	3,260
Cash and cash equivalents at beginning of year	92,598	85,143
Cash and cash equivalents at end of year	<u>116,961</u>	<u>88,403</u>

Cash and cash equivalents comprise:

Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	24,363	81,114
Cash and bank balances	92,598	7,289
	<u>116,961</u>	<u>88,403</u>

The Interim Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013

1. Basis of Preparation

The interim financial statements of the Group and Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act 1965, in Malaysia, the Insurance Act, 1996 and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM"). The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2012. The financial statements of the Group and Company for the financial year ended 31 December 2012 were prepared in accordance with Financial Reporting Standards (FRS) as modified by Guidelines/Circular issued by BNM.

These are the Group and Company's interim financial statements covered by the Group and Company's first MFRS framework of annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group and Company.

2. Unusual item affecting assets, liabilities, equity, net income or cash flows

There were no contingent liabilities as at the date of this report since the last financial year ended 31 December 2012.

3. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2013.

4. Contingent liabilities

There were no contingent liabilities as at the date of this report since the last financial year ended 31 December 2012.

5. Investments

Group and Company	6 months ended	12 months ended
	30.06.2013	31.12.2012
	RM'000	RM'000
Debt securities	132,373	137,800
Equity securities	4,706	9,028
Unit and property trust funds	65,379	69,146
Loans	585	682
Deposits with financial institutions	233,670	231,747
	<u>436,713</u>	<u>448,403</u>

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

	6 months ended	12 months ended
	30.06.2013	31.12.2012
	RM'000	RM'000
Loans and receivables ("LAR")	234,255	232,429
Available-for-sale ("AFS") financial assets	202,458	215,974
	<u>436,713</u>	<u>448,403</u>

5. Investments (cont'd.)

(a) LAR

Group and Company	6 months ended 30.06.2013 RM'000	12 months ended 31.12.2012 RM'000
Amortised cost		
Fixed and call deposits with licensed financial institutions	233,670	231,747
Staff loans:		
Mortgage loans	584	636
Others:		
Secured	-	23
Unsecured	1	23
	<u>234,255</u>	<u>232,429</u>

(b) AFS financial assets

Group and Company	6 months ended 30.06.2013 RM'000	12 months ended 31.12.2012 RM'000
Fair Value		
Equity securities:		
Quoted in Malaysia	4,567	8,889
Unit and property trust funds:		
Quoted in Malaysia	65,379	69,146
Debt securities:		
Quoted in Malaysia	132,373	137,800
	<u>202,319</u>	<u>215,835</u>
At cost less impairment:		
Equity securities:		
Unquoted in Malaysia	139	139
	<u>202,458</u>	<u>215,974</u>

5. Investments (cont'd.)

(c) Carrying values of financial instruments

Group and Company

	LAR RM'000	AFS RM'000	Total RM'000
At 31 December 2012	232,429	215,974	448,403
Purchases	965,157	12,807	977,964
Maturities/disposals	(963,331)	(22,822)	(986,153)
Fair value gains recorded in:			
Other comprehensive income	-	102	102
Realised gain transferred to income statement	-	(3,669)	(3,669)
Amortisation	-	66	66
At 30 June 2013	<u>234,255</u>	<u>202,458</u>	<u>436,713</u>

(e) Fair values of financial investments

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

Group and Company	AFS RM'000
30.06.2013	
Quoted market bid price	69,946
Valuation techniques - market observable inputs	132,373
At cost less impairment	139
	<u>202,458</u>

6. Reinsurance assets

Group and Company

	6 months ended 30.06.2013 RM'000	12 months ended 31.12.2012 RM'000
Reinsurance of insurance contracts (Note 7):		
Claims liabilities (Note 13)	144,601	127,485
Premium liabilities (Note 13)	61,790	36,100
	<u>206,391</u>	<u>163,585</u>

7. Insurance contract liabilities

	Group and Company 30.06.2013			Group and Company 31.12.2012		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Provision for claims reported by policyholders	239,011	(103,441)	135,570	255,672	(106,799)	148,873
Provision for risk margin for adverse deviations ("PRAD")	91,252	(41,160)	50,092	71,173	(20,686)	50,487
Claims liabilities	330,263	(144,601)	185,662	326,845	(127,485)	199,360
Premium liabilities	128,305	(61,790)	66,515	104,676	(36,100)	68,576
Insurance contract liabilities	458,568	(206,391)	252,177	431,521	(163,585)	267,936

8. Net earned premiums

Group and Company

	6 months ended 30.06.2013 RM'000	12 months ended 31.12.2012 RM'000
(a) Gross Earned Premiums		
General insurance contracts	171,755	250,424
Change in premium liabilities	<u>(23,629)</u>	<u>11,303</u>
	<u>148,126</u>	<u>261,727</u>
(b) Premiums ceded to reinsurers		
General insurance contracts	104,146	112,783
Change in premiums liabilities	<u>(25,690)</u>	<u>(142)</u>
	<u>78,456</u>	<u>112,641</u>
Net Earned Premiums	<u>69,670</u>	<u>149,086</u>

9. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the financial period attributed to shareholders by the total number of ordinary shares in issue during the financial period.

Group and Company

	6 months ended 30.06.2013 RM'000	12 months ended 31.12.2012 RM'000
Net profit for the period	14,295	2,745
Number of ordinary shares in issue ('000)	100,013	100,013
Basic earnings per share (sen)	<u>14.3</u>	<u>2.7</u>

10. Regulatory capital requirement

The capital structure of the Company as at 30 June 2013, as prescribed under the Risk-Based Capital Framework is provided below:

	6 months ended 30.06.2013 RM'000	12 months ended 31.12.2012 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,013	100,013
Reserves, including retained earnings	<u>97,693</u>	<u>83,403</u>
	<u>197,706</u>	<u>183,416</u>
Tier 2 Capital		
Eligible reserves	<u>2,778</u>	<u>5,452</u>
Deduction (intangible assets and utilities deposits)	<u>369</u>	<u>365</u>
Total Capital Available	<u>200,115</u>	<u>188,503</u>