



TUNE INSURANCE MALAYSIA BERHAD (30686-K)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2014

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 2014

		Group and Company	
	Note	30.06.2014 RM'000	31.12.2013 RM'000
Assets			
Property and equipment		3,624	2,329
Investment property		2,363	2,373
Intangible assets		1,373	945
Investments	3	432,576	411,534
Debt securities		108,062	113,593
Equity securities		18,830	18,409
Unit and property trust funds		217,789	116,934
Loans		515	547
Deposit with financial institutions		87,380	162,051
Investment in subsidiary		-	-
Reinsurance Assets	4	233,898	251,754
Insurance receivables		77,512	65,795
Other receivables		70,362	68,171
Tax recoverable		11,008	9,312
Deferred tax assets		249	6
Cash and bank balances		19,314	9,164
Assets held for sale		-	8,580
Total assets		<u>841,271</u>	<u>829,963</u>
Equity and liabilities			
Share capital		100,013	100,013
Share premium account		3,335	3,335
Retained earnings		102,210	106,150
Available-for-sale fair value reserves		3,088	3,351
Total equity		<u>208,646</u>	<u>212,849</u>
Insurance contract liabilities	5	494,657	494,279
Deferred tax liabilities		-	-
Insurance payables		92,814	79,066
Other payables		42,349	42,824
Retirement benefits		811	945
Dividend payable		13,002	-
Total liabilities		<u>643,633</u>	<u>617,114</u>
Total equity and liabilities		<u>852,279</u>	<u>829,963</u>

The Interim Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

**INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

Group and Company	Note	6 months ended 30.06.2014 RM'000	6 months ended 30.06.2013 RM'000
Operating revenue		<u>183,753</u>	<u>156,338</u>
Gross earned premiums	6 (a)	176,494	148,126
Premiums ceded to reinsurers	6 (b)	<u>(104,632)</u>	<u>(78,456)</u>
Net earned premiums		<u>71,862</u>	<u>69,670</u>
Investment income		7,555	8,212
Realised gains and losses		859	3,688
Commission income		21,557	19,410
Other operating income		<u>5,046</u>	<u>90</u>
Other revenue		<u>35,017</u>	<u>31,400</u>
Gross claims paid		(82,221)	(79,601)
Claims ceded to reinsurers		41,931	20,674
Gross change in contract liabilities		20,112	(3,418)
Change in contract liabilities ceded to reinsurers		<u>(23,184)</u>	<u>17,116</u>
Net claims incurred		<u>(43,362)</u>	<u>(45,229)</u>
Provision for loss in MMIP		(5,400)	(2,400)
Commission expense		(26,337)	(21,669)
Management expenses		(19,899)	(17,027)
Other expenses		<u>(51,636)</u>	<u>(41,096)</u>
Profit before Taxation		11,881	14,745
Taxation		<u>(2,815)</u>	<u>(450)</u>
Net profit for the period		<u>9,066</u>	<u>14,295</u>
Other comprehensive income:			
<u>Movements in available-for-sale fair value reserves:</u>			
Gain on fair value changes of AFS investments		508	102
Realised gain transferred to profit or loss		(859)	(3,669)
Deferred tax relating to components of other comprehensive income		88	892
Net other comprehensive income for the period		<u>(263)</u>	<u>(2,675)</u>
Total comprehensive income for the period		<u>8,803</u>	<u>11,620</u>
Earnings per share (sen)		<u>9.1</u>	<u>14.3</u>

The Interim Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Group and Company

	I-Non-Distributable-I		Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premiums RM'000	Available- for-sale fair value reserves RM'000	Retained Earnings RM'000	
At 1 January 2013	100,013	3,335	5,452	80,068	188,868
Total comprehensive income for the year	-	-	(2,101)	26,082	23,981
At 31 December 2013	100,013	3,335	3,351	106,150	212,849
Total comprehensive income for the half year ended 30.06.2014	-	-	(262)	(3,941)	(4,203)
At 30 June 2014	100,013	3,335	3,089	102,209	208,646

The Interim Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

**INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

Group and Company

	6 months ended 30.06.2014 RM'000	6 months ended 30.06.2013 RM'000
Profit before taxation	11,881	14,745
Investment income	(7,293)	(8,146)
Realised gain on disposal of investments	(859)	(3,669)
Purchases of AFS financial assets	(21,492)	(12,807)
Proceeds from maturity/disposal of AFS financial assets	30,823	22,822
Purchases of FVTPL financial assets	(166,279)	-
Proceeds from maturity/disposal of FVTPL financial assets	61,114	-
Increase in LAR	85,660	16,355
Non-cash items		
Gain on disposal of property and equipment	(4,111)	(19)
Depreciation of property and equipment	443	400
Depreciation of investment property	10	10
Gain on fair value changes of FVTPL investments	(296)	-
Amortisation of intangible assets	262	-
Impairment loss of property and equipment	-	-
Net amortisation of premiums on investment	34	(66)
Impairment losses of insurance receivables	311	293
Insurance receivables written off	-	-
Changes in working capital:		
Reinsurance assets	17,856	(42,806)
Insurance receivables	(12,028)	(14,701)
Other receivables	(2,990)	1,573
Insurance contract liabilities	378	27,047
Insurance payables	13,748	19,207
Retirement benefits	-	-
Other payables	(479)	(220)
Cash generated/(used) from operating activities	6,693	20,018
Net interest received	6,087	7,606
Net dividend received	2,275	150
Rental received	173	173
Retirement benefits paid	(134)	(270)
Income tax paid	(4,250)	(2,969)
Net cash flows generated from operating activities	10,844	24,708

**INTERIM STATEMENTS OF CASH FLOWS (cont'd.)
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

Group and Company

Investing activities

Proceeds from disposal of property and equipment	12,799	19
Purchase of property and equipment	(1,846)	(361)
Purchase of intangibles	(690)	(3)
Net cash flows used in investing activities	<u>10,263</u>	<u>(345)</u>
Net increase in cash and cash equivalents	21,107	24,363
Cash and cash equivalents at beginning of year	49,605	92,598
Cash and cash equivalents at end of year	<u>70,712</u>	<u>116,961</u>

Cash and cash equivalents comprise:

Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	51,398	108,564
Cash and bank balances	19,314	8,397
	<u>70,712</u>	<u>116,961</u>

The Interim Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2014

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 2013. The financial statements of the Group and Company for the financial year ended 31 December 2013 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 2013

3. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2014.

4. Contingent liabilities

There were no contingent liabilities as at the date of this report since the last financial year ended 31 December 2013.

5. Investments

Group and Company	6 months ended	12 months ended
	30.06.2014	31.12.2013
	RM'000	RM'000
Debt securities	108,062	113,593
Equity securities	18,830	18,409
Unit and property trust funds	217,789	116,934
Loans	515	547
Deposits with financial institutions	87,380	162,051
	<u>432,576</u>	<u>411,534</u>

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

	6 months ended	12 months ended
	30.06.2014	31.12.2013
	RM'000	RM'000
Loans and receivables ("LAR")	87,895	162,598
Available-for-sale ("AFS") financial assets	239,220	248,936
Fair value through P&L ("FVTPL") financial assets	105,461	-
	<u>432,576</u>	<u>411,534</u>

5. Investments (cont'd.)

(a) LAR

Group and Company	6 months ended 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
Amortised cost		
Fixed and call deposits with licensed financial institutions	87,380	162,051
Staff loans:		
Mortgage loans	515	536
Others:		
Secured	-	-
Unsecured	-	11
	<u>87,895</u>	<u>162,598</u>

(b) AFS financial assets

Group and Company	6 months ended 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
Fair Value		
Equity securities:		
Quoted in Malaysia	13,627	18,409
Collective Investment Scheme:		
Quoted in Malaysia	104,344	102,688
Unit and property trust funds:		
Quoted in Malaysia	13,187	14,246
Debt securities:		
Unquoted in Malaysia	108,062	113,593
	<u>239,220</u>	<u>248,936</u>

(c) FVTPL financial assets

Group and Company	6 months ended 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
Fair Value		
Equity securities:		
Quoted in Malaysia	5,204	-
Collective Investment Scheme:		
Quoted in Malaysia	100,257	-
	<u>105,461</u>	<u>-</u>

5. Investments (cont'd.)

(d) Carrying values of financial instruments

Group and Company

	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 31 December 2013	162,598	248,936	-	411,534
Purchases	1,358,421	21,492	166,279	1,546,192
Maturities/disposals	(1,433,124)	(30,823)	(61,114)	(1,525,061)
Fair value gains recorded in:				
Other comprehensive income	-	508	-	508
Fair value gains through profit and loss	-	-	296	296
Realised gain transferred to income statement	-	(859)	-	(859)
Amortisation	-	(34)	-	(34)
At 30 June 2014	87,895	239,220	105,461	432,576

6. Reinsurance assets

Group and Company

	6 months ended 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
Reinsurance of insurance contracts (Note 7):		
Claims liabilities (Note 13)	144,601	184,588
Premium liabilities (Note 13)	61,790	67,166
	206,391	251,754

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7. Insurance contract liabilities

	Group and Company 30.06.2014		Group and Company 31.12.2013			
	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	240,903	(108,534)	132,369	284,060	(146,184)	137,876
Provision for risk margin for adverse deviations ("PRAD")	99,798	(52,870)	46,928	76,753	(38,404)	38,349
Claims liabilities	340,701	(161,404)	179,297	360,813	(184,588)	176,225
Premium liabilities	153,956	(72,494)	81,462	133,466	(67,166)	66,300
Insurance contract liabilities	494,657	(233,898)	260,759	494,279	(251,754)	242,525

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

8. Net earned premiums

Group and Company

	6 months ended 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
(a) Gross Earned Premiums		
General insurance contracts	196,984	340,266
Change in premium liabilities	<u>(20,490)</u>	<u>(28,790)</u>
	<u>176,494</u>	<u>311,476</u>
(b) Premiums ceded to reinsurers		
General insurance contracts	109,960	199,796
Change in premiums liabilities	<u>(5,328)</u>	<u>(31,066)</u>
	<u>104,632</u>	<u>168,730</u>
Net Earned Premiums	<u>71,862</u>	<u>142,746</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 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
Net profit for the period	9,066	27,100
Number of ordinary shares in issue ('000)	100,013	100,013
Basic earnings per share (sen)	<u>9.1</u>	<u>27.1</u>

10. Regulatory capital requirement

The capital structure of the Company as at 30 June 2014, as prescribed under the Risk-Based Capital Framework is provided below:

	6 months ended 30.06.2014 RM'000	12 months ended 31.12.2013 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,013	100,013
Reserves, including retained earnings	<u>105,544</u>	<u>109,485</u>
	<u>205,557</u>	<u>209,498</u>
Tier 2 Capital		
Eligible reserves	<u>3,089</u>	<u>3,351</u>
Deduction (intangible assets and utilities deposits)	<u>1,601</u>	<u>1,126</u>
Total Capital Available	<u>207,045</u>	<u>211,723</u>