



TUNE INSURANCE MALAYSIA BERHAD (30686-K)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2017

30686 K

**Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

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**Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

**Interim Statements of financial position
As at 30 June 2017**

Company	Note	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
Assets			
Property and equipment		4,726	4,953
Investment property	5	2,400	2,411
Intangible assets	6	1,698	1,673
Investments	7	489,971	516,187
Debt securities		9,975	19,762
Equity securities		-	-
Collective investment schemes		144,569	379,464
Unit and property trust funds		291,586	68,545
Loans		423	397
Deposits with financial institutions		43,418	48,019
Reinsurance assets	8	252,208	215,056
Insurance receivables		136,039	116,588
Other receivables		109,929	85,636
Tax recoverable		23,643	17,256
Deferred tax assets		1,360	2,356
Cash and bank balances		28,179	6,998
Total assets		1,050,154	969,114
Equity			
Share capital		100,013	100,013
Share premium		3,335	3,335
Available-for-sale ("AFS") reserves		(19)	2,369
Retained earnings		155,309	155,939
Equity attributable to owners of the parent		258,638	261,656
Non-controlling interests		-	-
Total equity		258,638	261,656
Liabilities			
Insurance contract liabilities	8	608,481	550,069
Retirement benefits		357	418
Insurance payables		151,426	117,930
Other payables		31,251	39,041
Total liabilities		791,515	707,458
Total equity and liabilities		1,050,154	969,114

The accompanying notes form an integral part of the financial statements.

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Interim Statements of comprehensive income
For the Six Months Ended 30 June 2017

Company	Note	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Gross earned premiums	11(a)	224,551	206,671
Earned premiums ceded to reinsurers	11(b)	(118,360)	(106,347)
Net earned premiums	11	<u>106,191</u>	<u>100,324</u>
Investment income		6,144	11,626
Realised gains and losses		3,120	-
Fair value gains and losses		851	434
Fee and commission income		30,717	24,608
Other operating income		156	77
Other revenue		<u>40,988</u>	<u>36,745</u>
Gross claims paid	12(a)	(83,112)	(88,298)
Claims ceded to reinsurers	12(b)	30,180	46,810
Gross change to contract liabilities	12(c)	(24,975)	21,652
Change in contract liabilities ceded to reinsurers	12(d)	6,724	(22,798)
Net claims		<u>(71,183)</u>	<u>(42,634)</u>
Fee and commission expense		(30,782)	(30,563)
Management expenses		(34,792)	(28,027)
Other operating expenses		-	-
Other expenses		<u>(65,574)</u>	<u>(58,590)</u>
Profit before taxation		10,422	35,845
Taxation		(1,052)	(7,290)
Net profit for the period		<u>9,370</u>	<u>28,555</u>

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**Tune Insurance Malaysia Berhad
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**Interim Statements of comprehensive income
For the Six Months Ended 30 June 2017 (Cont'd)**

Company	Note	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Net profit for the period		9,370	28,555
Other comprehensive income/(loss):			
<u>Movements in AFS reserves</u>			
Gains/(losses) on fair value changes of AFS financial assets	7(d)	329	168
Realised gains transferred to profit or loss		(2,666)	-
Deferred tax relating to components of other comprehensive income		(51)	9
Net other comprehensive income/ (loss) for the year		(2,388)	177
Total comprehensive income for the year		6,982	28,732
Profit attributable to:			
Owners of the parent		9,370	28,555
Non-controlling interests		-	-
		9,370	28,555
Other comprehensive income/(loss) attributable to:			
Owners of the parent		(2,388)	177
Non-controlling interests		-	-
		(2,388)	177

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**Interim Statements of comprehensive income
For the Six Months Ended 30 June 2017 (Cont'd)**

Company	Note	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Total comprehensive income attributable to:			
Owners of the parent		6,982	28,732
Non-controlling interests		-	-
		<u>6,982</u>	<u>28,732</u>
Earnings per share attributable to owners of the parent (sen per share)			
Basic and diluted	13	9.37	28.55

The accompanying notes form an integral part of the financial statements.

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Interim Statements of changes in equity
For the financial year ended 30 June 2017

<---- Attributable to the owners of the parent ---->

Company	Note	-- Non-distributable --			Dis- tributable Retained earnings RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Available- for-sale reserves RM'000		
At 1 January 2017		100,013	3,335	2,369	155,939	261,656
Net profit for the year		-	-	-	9,370	9,370
Other comprehensive income for the year		-	-	(2,388)	-	(2,388)
Total comprehensive income for the year		-	-	(2,388)	9,370	6,982
Dividend paid		-	-	-	(10,000)	(10,000)
At 30 June 2017		100,013	3,335	(19)	155,309	258,638

The accompanying notes form an integral part of the financial statements.

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**Tune Insurance Malaysia Berhad
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**Interim Statements of cash flows
For the Six Months Ended 30 June 2017**

Company	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Profit before taxation	10,422	35,845
Adjustments for:		
Depreciation of property and equipment	770	796
Depreciation of investment property	11	11
Property and equipment written off	-	-
Amortisation of intangible assets	486	437
Investment income	(6,144)	(11,626)
Gains on disposal of property and equipment	(8)	-
Realised gains and losses	(3,112)	-
Fair value gains and losses	(851)	(434)
Net amortisation of premiums on Investment	-	(1)
Allowance for/(write-back of) impairment losses of insurance receivables	2,278	206
	<u>3,851</u>	<u>25,234</u>
Changes in working capital:		
Reinsurance assets	(37,151)	6,311
Insurance receivables	(21,729)	(44,491)
Other receivables	(32,418)	(4,285)
Insurance contract liabilities	58,409	2,778
Retirement benefits	-	(10)
Insurance payables	33,496	46,792
Other payables	2,212	(4,113)
Cash generated from operating activities	<u>6,670</u>	<u>28,216</u>
Net interest received	849	4,654
Net dividend received	6,040	6,619
Rental received	15	185
Retirement benefits paid	(61)	(27)
Income tax paid	(6,462)	(3,613)
Net cash flows generated from operating activities	<u>7,051</u>	<u>36,034</u>

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**Tune Insurance Malaysia Berhad
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**Interim Statements of cash flows
For the Six Months Ended 30 June 2017 (Cont'd)**

Company	6 months ended 30.06.2017 RM'000	6 months ended 30.06.2016 RM'000
Investing activities		
Purchases of AFS financial assets	(395)	(2,178)
Purchases of FVTPL financial assets	(315,245)	(65,532)
Proceeds from maturities/disposals of AFS financial assets	129,348	4,000
Proceeds from maturities/disposals of FVTPL financial assets	206,893	10,000
Dividend reinvestment	-	-
Movement in LAR	1,833	10,847
Proceeds from disposal of property and equipment	8	-
Purchase of property and equipment	(543)	(901)
Purchase of investment property	-	-
Purchase of intangible assets	(511)	(316)
Net cash flows used in investing activities	21,388	(44,080)
Financing activities		
Cash received from non-controlling interests for units created in subsidiaries	-	-
Cash paid to non-controlling interests on units cancelled in subsidiaries	-	-
Dividends paid to owners of the parent	(10,000)	-
Dividends paid to non-controlling interests	-	-
Net cash flows generated from/ (used in) financing activities	(10,000)	-
Net increase/(decrease) in cash and cash equivalents	18,439	(8,046)
Cash and cash equivalents at beginning of year	45,786	54,966
Cash and cash equivalents at end of year	64,225	46,920
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturity of less than three months) with licensed financial institutions	36,046	31,537
Cash and bank balances	28,179	15,383
	64,225	46,920

The accompanying notes form an integral part of the financial statements.

Notes to the Interim financial statements

1. Basis of preparation

The interim financial statements of the Company are unaudited and have been prepared in accordance with MFRS 134/IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2016.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following:

MFRSs, Interpretations and amendments	Effective Date
Amendments to MFRS 107 <i>Statements of Cash Flows - Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Income taxes - Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities (Annual Improvements 2014 - 2016 Cycle)</i>	1 January 2017

The initial application of the abovementioned standards, amendments and interpretations did not have any material impact to the current and prior periods financial statements upon their first adoption.

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

There were no other items affecting assets, liabilities, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2017

3. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2017.

4. Dividend Paid

In the current interim period ended 30 June 2017, the Company paid a final single tier dividend of 0.10 sen per ordinary share totaling RM10,000,281.80 in respect of the financial year ended 31 December 2016 on 8 June 2017

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5. Investment property

Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
Freehold land and building:		
Cost		
At 1 January	2,768	2,768
Addition for the year	-	-
At 31 December	<u>2,768</u>	<u>2,768</u>
Accumulated depreciation		
At 1 January	357	335
Charge for the year	11	22
At 31 December	<u>368</u>	<u>357</u>
Net carrying amount	<u>2,400</u>	<u>2,411</u>
Fair value	<u>2,850</u>	<u>2,850</u>

The fair value was estimated in-house based on the direct value comparison approach. Management believes the estimated fair value resulting from this valuation technique is reasonable and the most appropriate at the reporting date.

Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
Rental income derived from investment property	25	330
Direct operating expenses (including repairs and maintenance) generating rental income	(10)	(17)
Profit arising from investment properties	<u>15</u>	<u>313</u>

The Company has no restrictions on the realisability of its investment property and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

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6. Intangible assets

Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
Computer software		
Cost		
At 1 January	6,773	5,421
Additions	511	1,352
At 31 December	<u>7,284</u>	<u>6,773</u>
Accumulated amortisation		
At 1 January	5,100	3,970
Amortisation	486	1,130
At 31 December	<u>5,586</u>	<u>5,100</u>
Net carrying amount	<u>1,698</u>	<u>1,673</u>

7. Investments

Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
Debt securities	9,975	19,762
Investments in subsidiaries (Note 7(e))	144,569	379,464
Unit and property trust funds	291,586	68,545
Loans	423	397
Fixed and call deposits with licensed financial institutions	43,418	48,019
	<u>489,971</u>	<u>516,187</u>
Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
LAR (Note 3(a))	43,841	48,416
AFS financial assets (Note 3(b))	9,975	141,265
FVTPL financial assets (Note 3(c))	436,155	326,506
	<u>489,971</u>	<u>516,187</u>

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(a) LAR

Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
At amortised cost:		
Fixed and call deposits with licensed financial institutions	43,418	48,019
Loans receivable:		
Secured staff mortgage loans	371	392
Other unsecured staff loans:	52	5
	423	397
	<u>43,841</u>	<u>48,416</u>

The carrying value of the fixed and call deposits approximates fair value due to the relatively short term maturities.

The carrying value of the secured staff mortgage loans and other unsecured staff loans are reasonable approximations of fair value due to the insignificant impact of discounting.

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7. Investments (cont'd.)

(b) AFS financial assets

Company	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
At fair value:		
Investments in subsidiaries (Note 3(e))	-	114,523
Quoted unit and property trust funds in Malaysia	-	6,980
Unquoted debt securities in Malaysia	9,975	19,762
	<u>9,975</u>	<u>141,265</u>

(c) FVTPL financial assets

	Company	
	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
At fair value:		
Investments in subsidiaries (Note 3(e))	144,569	264,941
Quoted unit and property trust funds in Malaysia	291,586	61,565
Unquoted debt securities in Malaysia	-	-
	<u>436,155</u>	<u>326,506</u>

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7. Investments (cont'd.)

(d) Carrying values of financial instruments

Company	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 January 2016	76,374	148,745	234,291	459,410
Purchases	1,508,479	-	198,434	1,706,913
Dividend reinvestment	-	4,219	6,418	10,637
Maturities/disposals	(1,536,437)	(12,173)	(112,500)	(1,661,110)
Fair value (losses)/gains recorded in:				
Other comprehensive income	-	501	-	501
Profit or loss	-	-	(137)	(137)
Realised gains transferred to profit or loss	-	(29)	-	(29)
Accretion of discounts	-	2	-	2
At 31 December 2016	48,416	141,265	326,506	516,187
At 1 January 2017	48,416	141,265	326,506	516,187
Purchases	773,301	-	311,234	1,084,535
Dividend reinvestment	-	395	4,011	4,406
Maturities/disposals	(777,876)	(129,348)	(206,894)	(1,114,118)
Fair value gains/(losses) recorded in:				
Other comprehensive income	-	329	-	329
Profit or loss	-	-	851	851
Realised losses transferred to profit or loss	-	(2,666)	446	(2,220)
Accretion of discounts	-	-	-	-
At 30 June 2017	43,841	9,975	436,155	489,971

(e) Investments in subsidiaries - collective investment schemes

	Company	
	Unaudited 30.06.2017 RM'000	Audited 30.12.2016 RM'000
At fair value:		
Quoted collective investment schemes in Malaysia:		
AFS financial assets	-	114,523
FVTPL financial assets	144,569	264,941
	144,569	379,464

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8. Insurance contract liabilities

Company	Note	6 months ended 30.06.2017			31.12.2016		
		Gross RM'000	Reinsu- rance RM'000	Net RM'000	Gross RM'000	Reinsu- rance RM'000	Net RM'000
Provision for claims reported by policyholders		266,908	(104,761)	162,146	243,099	(94,073)	149,026
Provision for IBNR claims and PRAD		125,018	(38,691)	86,327	123,852	(42,655)	81,197
Claim liabilities	(i)	391,926	(143,452)	248,474	366,951	(136,728)	230,223
Premium liabilities	(ii)	216,556	(108,756)	107,800	183,118	(78,328)	104,790
		<u>608,481</u>	<u>(252,208)</u>	<u>356,274</u>	<u>550,069</u>	<u>(215,056)</u>	<u>335,013</u>
(i) Claim liabilities							
At 1 January		366,951	(136,728)	230,223	396,753	(173,409)	223,344
Claims incurred in the current accident year		139,087	(37,569)	101,518	229,818	(59,809)	170,009
Adjustment to claims incurred in prior accident years due to changes in assumptions		(31,000)	665	(30,335)	(84,225)	21,455	(62,770)
Claims paid during the year (Note 8)		(83,112)	30,180	(52,932)	(175,395)	75,035	(100,360)
At 30 June/31 December 2016		<u>391,926</u>	<u>(143,452)</u>	<u>248,474</u>	<u>366,951</u>	<u>(136,728)</u>	<u>230,223</u>

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8. Insurance contract liabilities (cont'd.)

Company (cont'd.)	6 months ended 30.06.2017			31.12.2016		
	Gross RM'000	Reinsu- rance RM'000	Net RM'000	Gross RM'000	Reinsu- rance RM'000	Net RM'000
(ii) Premium liabilities						
At 1 January	183,118	(78,328)	104,790	167,386	(74,717)	92,669
Premiums written in the year (Note 7)	257,989	(148,788)	109,201	437,203	(216,281)	220,922
Premiums earned during the year	(224,551)	118,360	(106,191)	(421,471)	212,670	(208,801)
At 30 June/31 December 2016	<u>216,556</u>	<u>(108,756)</u>	<u>107,800</u>	<u>183,118</u>	<u>(78,328)</u>	<u>104,790</u>

As at 30 June 2017, the insurance contract liabilities above includes the Company's share of MMIP's claim and premium liabilities amounting to RM45,842,000 (2016: RM54,122,000) and RM4,619,000 (2016: RM6,180,000) respectively.

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9. Dividends

Company	6 months ended 30.06.2017 RM'000	2016 RM'000
Approved and paid:		
Dividend on ordinary shares paid by the Company:		
Final dividend of RM0.10 per ordinary share in respect of the financial year ended 31 December 2016	10,000	11,500
	-	-
	<u>10,000</u>	<u>11,500</u>

10. Regulatory capital requirement

The Company has met the minimum capital adequacy requirements as prescribed by the Risk-Based Capital Framework for Insurers ("RBC Framework") at end of the financial year.

The capital structure of the Company as at the reporting date, as prescribed under the "RBC Framework", is provided as below:

Company	6 months ended 30.06.2017 RM'000	2016 RM'000
Eligible Tier 1 capital		
Paid-up share capital	100,013	100,013
Reserves, including retained earnings	158,644	159,274
	<u>258,657</u>	<u>259,287</u>
Tier 2 capital		
Eligible reserves	(19)	2,369
Amount deducted from capital	3,528	4,589
Total capital available	<u>255,110</u>	<u>257,067</u>

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11. Net earned premiums

Company	6 months ended 30.06.2017 RM'000	2016 RM'000
(a) Gross earned premiums		
Gross written premiums	257,989	437,203
Change in premium liabilities	<u>(33,438)</u>	<u>(15,732)</u>
	<u>224,551</u>	<u>421,471</u>
(b) Premiums ceded to reinsurers		
Gross premiums ceded to reinsurers	148,788	216,281
Change in premium liabilities	<u>(30,428)</u>	<u>(3,611)</u>
	<u>118,360</u>	<u>212,670</u>
Net earned premiums	<u>106,191</u>	<u>208,801</u>

12. Net claims

Company	6 months ended 30.06.2017 RM'000	2016 RM'000
(a) Gross claims paid	(83,112)	(175,395)
(b) Claims ceded to reinsurers	30,180	75,035
Net claims paid (a)	<u>(52,932)</u>	<u>(100,360)</u>
(c) Gross change in contract liabilities	(24,975)	29,802
(d) Change in contract liabilities ceded to reinsurers	6,724	(36,681)
Net change in contract liabilities (b)	<u>(18,251)</u>	<u>(6,879)</u>
Net claims (a) + (b)	<u>(71,183)</u>	<u>(107,239)</u>

13. Earnings per share - Basic and diluted

Earnings per share is calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue.

	6 months ended 30.06.2017 RM'000	2016 RM'000
Profit attributable to ordinary equity holders	9,370	40,399
Number of ordinary shares in issue ('000)	100,013	100,013
Basic and diluted earnings per share (sen)	<u>9.37</u>	<u>40.39</u>