



TUNE INSURANCE MALAYSIA BERHAD (30686-K)

**CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018**

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

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Tune Insurance Malaysia Berhad
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Condensed statements of financial position
As at 30 June 2018 - unaudited

	Note	30.06.2018 RM'000	30.12.2017 RM'000
Assets			
Property and equipment		4,354	4,796
Investment property	5	2,379	2,389
Intangible assets	6	1,406	1,398
Investments	7	533,116	534,775
Reinsurance assets	8	331,019	268,813
Insurance receivables		133,478	104,584
Other receivables		81,876	77,572
Tax recoverable		27,232	25,541
Deferred tax assets		259	763
Cash and bank balances		3,212	4,475
Total assets		1,118,331	1,025,106
Equity			
Share capital		103,348	103,348
Share premium		-	-
Available-for-sale ("AFS") reserves		-	6
Retained earnings		170,837	168,647
Equity attributable to owners of the parent		274,185	272,001
Non-controlling interests		-	-
Total equity		274,185	272,001
Liabilities			
Insurance contract liabilities	9	658,714	606,526
Retirement benefits		766	738
Insurance payables		143,932	107,391
Other payables		40,734	38,450
Total liabilities		844,146	753,105
Total equity and liabilities		1,118,331	1,025,106

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

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**Tune Insurance Malaysia Berhad
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**Condensed statements of comprehensive income
For the 6 months period ended 30 June 2018 - unaudited**

		6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
	Note		
Gross earned premiums	10(a)	238,280	224,551
Earned premiums ceded to reinsurers	10(b)	(146,469)	(118,360)
Net earned premiums	10	<u>91,811</u>	<u>106,191</u>
Investment income		10,179	6,144
Realised gains and losses		(156)	3,120
Fair value gains and losses		(151)	851
Fee and commission income		35,263	30,717
Other operating income		529	156
Other revenue		<u>45,664</u>	<u>40,988</u>
Gross claims paid	11(a)	(99,903)	(83,112)
Claims ceded to reinsurers	11(b)	42,596	30,180
Gross change to contract liabilities	11(c)	(30,022)	(24,975)
Change in contract liabilities ceded to reinsurers	11(d)	33,747	6,724
Net claims		<u>(53,582)</u>	<u>(71,183)</u>
Fee and commission expense		(34,902)	(30,782)
Management expenses		(33,534)	(34,792)
Other operating expenses		(9)	-
Other expenses		<u>(68,445)</u>	<u>(65,574)</u>
Profit before taxation		15,448	10,422
Taxation		(2,138)	(1,052)
Net profit for the period		<u>13,310</u>	<u>9,370</u>

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**Tune Insurance Malaysia Berhad
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Condensed statements of comprehensive income

For the 6 months period ended 30 June 2018 - unaudited (Cont'd)

	Note	6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
Net profit for the period		13,310	9,370
Other comprehensive income/(loss):			
<u>Movements in AFS reserves</u>			
Gains on fair value changes of AFS financial assets		-	329
Realised gains transferred to profit or loss		-	(2,666)
Deferred tax relating to components of other comprehensive income		-	(51)
Net other comprehensive for the year		-	(2,388)
Total comprehensive income for the year		13,310	6,982
Profit attributable to:			
Owners of the parent		13,310	9,370
Non-controlling interests		-	-
		13,310	9,370
Other comprehensive income/(loss) attributable to:			
Owners of the parent		-	(2,388)
Non-controlling interests		-	-
		-	(2,388)

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Condensed statements of comprehensive income

For the 6 months period ended 30 June 2018 - unaudited (Cont'd)

		6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
	Note		
Total comprehensive income attributable to:			
Owners of the parent		13,310	6,982
Non-controlling interests		-	-
		<u>13,310</u>	<u>6,982</u>
Earnings per share attributable to owners of the parent (sen per share)			
Basic and diluted	12	12.88	9.07

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

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Condensed statements of changes in equity
For the 6 months period ended 30 June 2018 - unaudited

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

	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 2018		103,348	-	6	168,647	272,001
Changes on initial application of MFRS 9		-	-	(6)	(119)	(125)
At 1 January 2018, as restated		103,348	-	-	168,528	271,876
Net profit for the year		-	-	-	13,310	13,310
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	13,310	13,310
Dividend paid		-	-	-	(11,001)	(11,001)
At 30 June 2018		103,348	-	-	170,837	274,185

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

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**Tune Insurance Malaysia Berhad
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**Condensed statements of changes in equity
For the 6 months period ended 30 June 2018 - unaudited (Cont'd)**

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

	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		-	-	-	13,310	13,310
Other comprehensive income for the year		-	-	(2,388)	-	(2,388)
Total comprehensive income for the year		-	-	(2,388)	13,310	10,922
Dividend paid		-	-	-	(10,000)	(10,000)
At 30 June 2017		100,013	3,335	(19)	159,249	262,578

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

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Tune Insurance Malaysia Berhad
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Condensed statements of cash flows

For the 6 months period ended 30 June 2018 - unaudited

	6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
Profit before taxation	<u>15,448</u>	<u>10,422</u>
Adjustments for:		
Depreciation of property and equipment	669	770
Depreciation of investment property	10	11
Amortisation of intangible assets	347	486
Investment income	(10,179)	(6,144)
Gains on disposal of property and equipment	-	(8)
Realised gains and losses	156	(3,112)
Fair value gains and losses	149	(851)
Allowance for/(write-back of) impairment losses of insurance receivables	<u>(2,268)</u>	<u>2,278</u>
	4,333	3,851
Changes in working capital:		
Reinsurance assets	(62,207)	(37,151)
Insurance receivables	(26,626)	(21,729)
Other receivables	(4,537)	(32,418)
Insurance contract liabilities	52,188	58,409
Insurance payables	36,541	33,496
Other payables	<u>2,284</u>	<u>2,212</u>
Cash generated from operating activities	1,977	6,670
Net interest received	1,300	849
Net dividend received	8,940	6,040
Rental received	16	15
Retirement benefits paid	28	(61)
Income tax paid	<u>(3,289)</u>	<u>(6,462)</u>
Net cash flows generated from operating activities	<u>8,972</u>	<u>7,051</u>

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**Tune Insurance Malaysia Berhad
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Condensed statements of cash flows

For the 6 months period ended 30 June 2018 - unaudited (Cont'd)

	6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
Investing activities		
Purchases of AFS financial assets	-	(395)
Purchases of FVTPL financial assets	(174,453)	(315,245)
Proceeds from maturities/disposals of AFS financial assets	-	129,348
Proceeds from maturities/disposals of FVTPL financial assets	161,083	206,893
Dividend reinvestment	-	-
Movement in LAR	4,831	1,833
Proceeds from disposal of property and equipment	-	8
Purchase of property and equipment	(226)	(543)
Purchase of investment property	-	-
Purchase of intangible assets	(354)	(511)
Net cash flows used in investing activities	<u>(9,119)</u>	<u>21,388</u>
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	(11,001)	(10,000)
Dividends paid to non-controlling interests	-	-
Net cash flows generated from/ (used in) financing activities	<u>(11,001)</u>	<u>(10,000)</u>
Net (decrease)/increase in cash and cash equivalents	(11,148)	18,439
Cash and cash equivalents at beginning of year	<u>38,723</u>	<u>45,786</u>
Cash and cash equivalents at end of year	<u>27,575</u>	<u>64,225</u>
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturity of less than three months) with licensed financial institutions	24,364	36,046
Cash and bank balances	3,212	28,179
	<u>27,575</u>	<u>64,225</u>

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

Notes to the condensed interim financial statements

1. Basis of preparation

The unaudited condensed interim financial statements of Tune Insurance Malaysia Berhad ("the Company") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, International Accounting Standards ("IAS") 34 Interim Financial Reporting and the requirements of the Companies Act, 2016 in Malaysia. 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 2017.

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 2017, except for the adoption of the following Standards, Amendments to Standards and Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2018 and which were adopted by the Company on 1 January 2018.

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)

Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 128 Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)

Amendments to MFRS 140 Transfers of Investment Property

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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 2018.

3. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2018.

4. Dividend Paid

In the current interim period ended 30 June 2018, the Company paid a final single tier dividend of 0.11 sen per ordinary share totaling RM11,001,454 in respect of the financial year ended 31 December 2017 on 25 June 2018.

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5. Investment property

	30.06.2018	31.12.2017
	RM'000	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	378	357
Charge for the year	11	22
At 31 December	<u>389</u>	<u>379</u>
Net carrying amount	<u>2,379</u>	<u>2,389</u>
Fair value	<u>2,850</u>	<u>2,850</u>

The above investment property was revalued as at 13 October 2017 by C H Williams Talhar & Wong Sdn Bhd, a firm of independent professional valuers that has an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value disclosed is based on open market values, being the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction based on the market comparison method.

The rental income and operating expenses in relation to the investment property are as disclosed below:

	30.06.2018	31.12.2017
	RM'000	RM'000
Rental income derived from investment property	24	51
Direct operating expenses (including repairs and maintenance) generating rental income	(8)	(15)
Profit arising from investment properties	<u>16</u>	<u>36</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

	30.06.2018	31.12.2017
	RM'000	RM'000
Computer software		
Cost		
At 1 January	6,403	6,773
Additions	355	1,198
Write off	-	(1,568)
At 31 December	<u>6,758</u>	<u>6,403</u>
Accumulated amortisation		
At 1 January	5,005	5,100
Amortisation	347	1,013
Write off	-	(1,108)
At 31 December	<u>5,352</u>	<u>5,005</u>
Net carrying amount	<u>1,406</u>	<u>1,398</u>

7. Investments

	30.06.2018	31.12.2017
	RM'000	RM'000
Debt securities	10,016	10,008
Investments in subsidiaries (Note 7(e))	149,881	144,695
Unit and property trust funds	335,305	327,442
Loans	303	354
Fixed and call deposits with licensed financial institutions	37,611	52,276
	<u>533,116</u>	<u>534,775</u>
Company		
LAR (Note 7(a))	37,914	52,630
AFS financial assets (Note 7(b))	-	10,008
FVTPL financial assets (Note 7(c))	495,202	472,137
	<u>533,116</u>	<u>534,775</u>

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7. Investments (cont'd.)

(a) LAR

	30.06.2017	31.12.2017
	RM'000	RM'000
At amortised cost:		
Fixed and call deposits with licensed financial institutions	37,611	52,276
Loans receivable:		
Secured staff mortgage loans	254	350
Other unsecured staff loans:	49	4
	303	354
	<u>37,914</u>	<u>52,630</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.

(b) AFS financial assets

Company	30.06.2018	31.12.2017
	RM'000	RM'000
At fair value:		
Unquoted debt securities in Malaysia	-	10,008
	<u>-</u>	<u>10,008</u>

(c) FVTPL financial assets

	30.06.2017	31.12.2017
	RM'000	RM'000
At fair value:		
Investments in subsidiaries (Note 7(e))	149,881	144,695
Quoted unit and property trust funds in Malaysia	335,305	327,442
Unquoted debt securities in Malaysia	10,016	-
	<u>495,202</u>	<u>472,137</u>

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7. Investments (cont'd.)

(d) Carrying values of financial instruments

	LAR RM'000	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 January 2017	48,416	141,265	326,506	516,187
Purchases	1,681,707	-	341,018	2,022,725
Dividend reinvestment	-	395	9,044	9,439
Maturities/disposals	(1,677,493)	(129,348)	(206,893)	(2,013,734)
Fair value (losses)/gains recorded in:				
Other comprehensive income	-	363	-	363
Profit or loss	-	-	2,016	2,016
Realised gains transferred to profit or loss	-	(2,667)	446	(2,221)
At 31 December 2017	<u>52,630</u>	<u>10,008</u>	<u>472,137</u>	<u>534,775</u>
At 1 January 2018	52,630	10,008	472,137	534,775
Purchases	959,715	-	168,708	1,128,423
Dividend reinvestment	-	-	5,745	5,745
Maturities/disposals	(974,431)	-	(161,083)	(1,135,514)
Fair value gains/(losses) recorded in:				
Profit or loss	-	-	(149)	(149)
Realised losses transferred to profit or loss	-	-	(156)	(156)
Impact of adoption of MFRS 9	-	(10,008)	10,000	(8)
At 30 June 2018	<u>37,914</u>	<u>-</u>	<u>495,202</u>	<u>533,116</u>

(e) Investments in subsidiaries - collective investment schemes

	30.06.2018 RM'000	31.12.2017 RM'000
At fair value:		
Quoted collective investment schemes in Malaysia:		
FVTPL financial assets	149,881	144,695

8. Reinsurance assets

	30.06.2018 RM'000	31.12.2017 RM'000
Claim liabilities (Note 9)	205,356	171,609
Premium liabilities (Note 9)	125,663	97,885
	<u>331,019</u>	<u>269,494</u>
Less : Impairment losses	-	(681)
	<u>331,019</u>	<u>268,813</u>

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9. Insurance contract liabilities

	Note	30.06.2018			31.12.2017		
		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		282,956	(128,943)	154,013	283,643	(122,883)	160,760
Provision for IBNR claims and PRAD		167,858	(76,413)	91,445	137,149	(48,726)	88,423
Claim liabilities	(i)	450,814	(205,356)	245,458	420,792	(171,609)	249,183
Premium liabilities	(ii)	207,900	(125,663)	82,237	185,734	(97,885)	87,849
		<u>658,714</u>	<u>(331,019)</u>	<u>327,695</u>	<u>606,526</u>	<u>(269,494)</u>	<u>337,032</u>
(i) Claim liabilities							
At 1 January		420,792	(171,609)	249,183	366,951	(136,728)	230,223
Claims incurred in the current accident year		115,252	(52,225)	63,027	332,338	(128,464)	203,874
Adjustment to claims incurred in prior accident years due to changes in assumptions		14,673	(24,118)	(9,445)	(95,655)	30,323	(65,332)
Claims paid during the year (Note 11)		(99,903)	42,596	(57,307)	(182,842)	63,260	(119,582)
At 30 June 2018/31 December 2017		<u>450,814</u>	<u>(205,356)</u>	<u>245,458</u>	<u>420,792</u>	<u>(171,609)</u>	<u>249,183</u>

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9. Insurance contract liabilities (cont'd.)

	30.06.2018			31.12.2017		
	Gross	Reinsu-	Net	Gross	Reinsu-	Net
	RM'000	rance	RM'000	RM'000	rance	RM'000
		RM'000			RM'000	
(ii) Premium liabilities						
At 1 January	185,734	(97,885)	87,849	183,118	(78,328)	104,790
Premiums written in the year (Note 10)	260,446	(174,247)	86,199	460,800	(262,296)	198,504
Premiums earned during the year	(238,280)	146,469	(91,811)	(458,184)	242,739	(215,445)
At 30 June 2018/31 December 2017	<u>207,900</u>	<u>(125,663)</u>	<u>82,237</u>	<u>185,734</u>	<u>(97,885)</u>	<u>87,849</u>

As at 30 June 2018, the insurance contract liabilities above includes the Company's share of MMIP's claim and premium liabilities amounting to RM40,370,165 (2017: RM40,705,000) and RM3,287,050 (2017: RM3,339,000) respectively.

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10. Net earned premiums

	6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
(a) Gross earned premiums		
Gross written premiums	260,446	257,989
Change in premium liabilities	<u>(22,166)</u>	<u>(33,438)</u>
	<u>238,280</u>	<u>224,551</u>
(b) Premiums ceded to reinsurers		
Gross premiums ceded to reinsurers	174,247	148,788
Change in premium liabilities	<u>(27,778)</u>	<u>(30,428)</u>
	<u>146,469</u>	<u>118,360</u>
Net earned premiums	<u>91,811</u>	<u>106,191</u>

11. Net claims

	6 months period ended 30.06.2018 RM'000	6 months period ended 30.06.2017 RM'000
(a) Gross claims paid	(99,903)	(83,112)
(b) Claims ceded to reinsurers	42,596	30,180
Net claims paid (a)	<u>(57,307)</u>	<u>(52,932)</u>
(c) Gross change in contract liabilities	(30,022)	(24,975)
(d) Change in contract liabilities ceded to reinsurers	33,747	6,724
Net change in contract liabilities (b)	<u>3,725</u>	<u>(18,251)</u>
Net claims (a) + (b)	<u>(53,582)</u>	<u>(71,183)</u>

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12. 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 period ended 30.06.2018	2017
	RM'000	RM'000
Profit attributable to ordinary equity holders	13,310	20,373
Number of ordinary shares in issue ('000)	103,348	100,013
Basic and diluted earnings per share (sen)	<u>12.88</u>	<u>20.37</u>

There were no dilutive potential ordinary shares as at the end of the relevant reporting dates. There have been no other transactions involving ordinary shares between the reporting date and the date of these financial statements.

13. Dividends

	6 months period ended 30.06.2018	2017
	RM'000	RM'000
Approved and paid:		
Dividend on ordinary shares paid by the Company:		
Final dividend of RM0.11 per ordinary share in respect of the financial year ended 31 December 2017	11,001	10,001
	<u>11,001</u>	<u>-</u> 10,001

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14. Regulatory capital requirement

The Company's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders and meet regulatory requirements.

The Company is required to comply with the regulatory capital requirements prescribed in the RBC Framework which is imposed by the Ministry of Finance. Under the RBC Framework, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at year end, the Company has a capital adequacy ratio in excess of the minimum requirement.

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

	6 months period ended 30.06.2018 RM'000	2017 RM'000
Eligible Tier 1 capital		
Paid-up share capital	103,348	103,348
Reserves, including retained earnings	170,837	168,647
	<u>274,185</u>	<u>271,995</u>
Tier 2 capital		
Eligible reserves	<u>-</u>	<u>6</u>
Amount deducted from capital	<u>3,147</u>	<u>3,066</u>
Total capital available	<u>271,038</u>	<u>268,935</u>