



**TUNE INSURANCE MALAYSIA BERHAD  
(197601004719 [30686-K])**

**CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**197601004719 (30686-K)**

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

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**Condensed statements of financial position**  
**As at 30 June 2020 - unaudited**

	<b>Note</b>	<b>30.06.2020</b> <b>RM'000</b>	<b>31.12.2019</b> <b>RM'000</b>
<b>Assets</b>			
Property and equipment		2,946	3,239
Intangible assets	6	1,494	1,384
Rights-of-use assets		4,766	2,145
Investments	7	537,012	514,519
Reinsurance assets	8	573,538	482,563
Insurance receivables		151,758	96,823
Other receivables		52,818	54,797
Tax recoverable		28,770	28,941
Deferred tax assets		460	1,644
Cash and bank balances		6,934	7,166
<b>Total assets</b>		<b>1,360,496</b>	<b>1,193,221</b>
<b>Equity</b>			
Share capital		103,348	103,348
Retained earnings		220,287	202,735
Equity attributable to owners of the parent		<b>323,635</b>	<b>306,083</b>
<b>Total equity</b>		<b>323,635</b>	<b>306,083</b>
<b>Liabilities</b>			
Insurance contract liabilities	9	861,362	769,558
Lease liabilities		4,865	2,211
Insurance payables		141,224	82,866
Other payables		29,410	32,503
<b>Total liabilities</b>		<b>1,036,861</b>	<b>887,138</b>
<b>Total equity and liabilities</b>		<b>1,360,496</b>	<b>1,193,221</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

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**Condensed statements of comprehensive income**  
**For the 6 months period ended 30 June 2020 - unaudited**

		<b>6 months period ended 30.06.2020</b>	<b>6 months period ended 30.06.2019</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Gross earned premiums	10(a)	188,533	202,202
Earned premiums ceded to reinsurers	10(b)	(118,257)	(120,974)
<b>Net earned premiums</b>	10	<u>70,276</u>	<u>81,228</u>
Investment income		10,743	10,795
Realised gains and losses		1,345	987
Fair value gains and losses		3,909	7,776
Fee and commission income		20,708	22,153
Other operating income		1,247	433
<b>Other revenue</b>		<u>37,952</u>	<u>42,144</u>
Gross claims paid	11(a)	(73,021)	(142,549)
Claims ceded to reinsurers	11(b)	43,967	92,169
Gross change to contract liabilities	11(c)	(81,439)	410
Change in contract liabilities ceded to reinsurers	11(d)	73,255	7,938
<b>Net claims</b>		<u>(37,238)</u>	<u>(42,032)</u>
Fee and commission expense		(19,949)	(26,285)
Management expenses		(30,908)	(38,180)
Other operating expenses		(41)	(19)
Finance cost		(122)	
<b>Other expenses</b>		<u>(51,020)</u>	<u>(64,484)</u>
<b>Profit before taxation</b>		19,969	16,856
Taxation		(2,417)	(640)
<b>Net profit for the period</b>		<u>17,552</u>	<u>16,216</u>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>			
Basic and diluted	12	16.98	15.69

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

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Condensed statements of changes in equity  
For the 6 months period ended 30 June 2020 - unaudited

		<---- Attributable to the owners of the parent ---->		
	Note	Non Dis- tributable Share capital RM'000	Dis- tributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2020</b>		103,348	202,735	306,083
Net profit for the year, representing total comprehensive income for the period		-	17,552	17,552
Dividend paid	13	-	-	-
<b>At 30 June 2020</b>		<b>103,348</b>	<b>220,287</b>	<b>323,635</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

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Condensed statements of changes in equity  
For the 6 months period ended 30 June 2020- unaudited (cont'd.)

		<---- Attributable to the owners of the parent ---->		
	Note	Non Dis- tributable Share capital RM'000	Dis- tributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2019</b>		103,348	178,621	281,969
Net profit for the year, representing total comprehensive income for the period for the period		-	-	-
Dividend paid	13	-	16,216	16,216
<b>At 30 June 2019</b>		-	(10,001)	(10,001)
		<u>103,348</u>	<u>184,836</u>	<u>288,184</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

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**Condensed statements of cash flows**

**For the 6 months period ended 30 June 2020 - unaudited**

	<b>6 months period ended 30.06.2020 RM'000</b>	<b>6 months period ended 30.06.2019 RM'000</b>
Profit before taxation	19,969	16,856
Adjustments for:		
Depreciation of property and equipment	615	1,665
Depreciation of investment property	-	-
Amortisation of intangible assets	447	421
Depreciation of right-of-use assets	854	
Investment income	(10,743)	(10,795)
Gains on disposal of property and equipment	(1)	7
Realised gains and losses	(1,344)	(970)
Fair value gains and losses	(3,909)	(7,776)
Finance cost	122	
Amortisation of investments	-	1
Allowance for/(write-back of) impairment losses of insurance receivables	327	1,878
	<u>6,337</u>	<u>1,287</u>
Changes in working capital:		
Reinsurance assets	(90,974)	(14,899)
Insurance receivables	(55,262)	(25,269)
Other receivables	2,227	(8,407)
Insurance contract liabilities	91,803	4,985
Insurance payables	58,358	(1,728)
Other payables	(2,985)	6,588
Cash generated from operating activities	9,504	(37,443)
Net interest received	658	871
Net dividend received	9,731	8,125
Rental received	-	15
Income tax paid	(1,063)	(2,564)
<b>Net cash flows generated from operating activities</b>	<u>18,830</u>	<u>(30,996)</u>

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**Condensed statements of cash flows**

**For the 6 months period ended 30 June 2020 - unaudited (cont'd.)**

	<b>6 months period ended 30.06.2020 RM'000</b>	<b>6 months period ended 30.06.2019 RM'000</b>
<b>Investing activities</b>		
Purchases of FVTPL financial assets	(121,278)	(31,179)
Proceeds from maturities/disposals of FVTPL financial assets	107,098	77,611
Dividend reinvestment		
Movement in amortised cost	(280)	1,922
Proceeds from disposal of property and equipment	2	17
Purchase of property and equipment	(323)	(654)
Purchase of investment property		
Purchase of intangible assets	(557)	(241)
<b>Net cash flows used in investing activities</b>	<u>(15,338)</u>	<u>47,476</u>
<b>Financing activities</b>		
Repayment of lease liabilities	(944)	(4,175)
Dividends paid to owners of the parent	-	(10,001)
Dividends paid to non-controlling interests	-	-
<b>Net cash flows used in financing activities</b>	<u>(944)</u>	<u>(14,176)</u>
<b>Net increase in cash and cash equivalents</b>	2,548	2,304
<b>Cash and cash equivalents at beginning of year</b>	<u>34,876</u>	<u>22,047</u>
<b>Cash and cash equivalents at end of year</b>	<u>37,424</u>	<u>24,351</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with original maturity of less than three months) with licensed financial institutions	30,490	23,415
Cash and bank balances	6,934	936
	<u>37,424</u>	<u>24,351</u>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.



## Notes to the 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 MFRS 134, *Interim Financial Reporting*. These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. 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 2019.

The explanatory notes attached to the 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 last financial year ended 31 December 2019.

### 2. Changes in accounting policies

#### 2.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following Standards, Amendments to Standards and Issues Committee ("IC") Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2020 and which were adopted by the Company on 1 January 2020.

Amendments to MFRS 3 *Definition of a Business*

Amendments to MFRS 101 *Definition of Material* and Amendments to MFRS 108  
Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 9 and MFRS 7 *Interest Rate* Benchmark Reform

The adoption of the above pronouncements did not have any material impact to the current and prior period financial statements of the Company.

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## 2.2 Standards issued but not yet effective

The following are Amendments to Standards issued by the MASB, but not yet effective, up to the date of issuance of the Company's interim financial statements. The Company intends to adopt these Amendments to Standards, if applicable, when they become effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures</i>	To be announced by MASB

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements of the Company in the period of initial application except for those discussed below:

### **MFRS 17 Insurance Contracts**

On 15 August 2017, MASB issued MFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, MFRS 17 will replace MFRS 4 *Insurance Contracts* that was issued in 2011. MFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by:

- (i) A specific adaptation for contracts with direct participation features (the variable fee approach) which is not applicable to the Company's contracts; and
- (ii) A simplified approach (the premium allocation approach), mainly for short-duration contracts.

## **2.2 Standards issued but not yet effective (cont'd.)**

### **MFRS 17 *Insurance Contracts* (cont'd.)**

MFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, the Company have applied MFRS 9 and MFRS 15 before the date it first applies MFRS 17.

The Company has completed the assessment of the operational impacts for adopting MFRS 17 and intend to assess the financial impacts in the financial year ending 2020.

On 17 March 2020, the IASB had agreed to defer the effective date of IFRS 17 Insurance Contracts, including other related amendments to financial years beginning on or after 1 January 2023.

## **3. 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 2020.

## **4. Changes in estimates**

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2020.

## **5. Dividend paid**

No interim dividend has been declared for the financial period ended 30 June 2020.

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**6. Intangible assets**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computer software</b>		
<b>Cost</b>		
At 1 January	8,205	7,590
Additions	557	615
At 31 December	<u>8,762</u>	<u>8,205</u>
<b>Accumulated amortisation</b>		
At 1 January	6,821	5,885
Amortisation	447	936
At 31 December	<u>7,268</u>	<u>6,821</u>
<b>Net carrying amount</b>	<u>1,494</u>	<u>1,384</u>

**7. Investments**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Debt securities	10,526	10,350
Investments in subsidiaries (Note 7(c))	165,130	158,752
Unit trust funds	324,899	312,020
Loans	171	168
Fixed and call deposits with licensed financial institutions	36,286	33,229
	<u>537,012</u>	<u>514,519</u>

The Company's investment are summarised by categories as follows:

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
Amortised cost (Note 7(a))	36,457	33,397
FVTPL financial assets (Note 7(b))	500,555	481,122
	<u>537,012</u>	<u>514,519</u>

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## 7. Investments (cont'd.)

## (a) Amortised cost

	30.06.2020 RM'000	31.12.2019 RM'000
<b>At amortised cost:</b>		
Fixed and call deposits with licensed financial institutions	36,286	33,229
Loans receivable:		
Secured staff mortgage loans	159	164
Other unsecured staff loans:	12	4
	171	168
	<u>36,457</u>	<u>33,397</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 loans receivable are reasonable approximations of fair value due to the insignificant impact of discounting.

## (b) FVTPL financial assets

	30.06.2020 RM'000	31.12.2019 RM'000
<b>At fair value:</b>		
Investments in subsidiaries (Note 7(c))	165,130	158,752
Quoted unit and property trust funds in Malaysia	324,899	312,020
Unquoted debt securities in Malaysia	10,526	10,350
	<u>500,555</u>	<u>481,122</u>

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**7. Investments (cont'd.)**

**(c) Investments in subsidiaries - collective investment schemes**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Quoted collective investment schemes in Malaysia:		
FVTPL financial assets	165,130	158,752

Details of investment in subsidiary - collective investment scheme are as follows:

<b>Name</b>	<b>Principal activities</b>	<b>Registered in</b>	<b>% of ownership interest held by the Group</b>	
			<b>2020</b>	<b>2019</b>
			<b>%</b>	<b>%</b>
Affin Hwang Income Fund I *	Investment in fixed income securities and money market placements	Malaysia	64.4	59.6

**8. Reinsurance assets**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Claim liabilities (Note 9)	459,694	386,439
Premium liabilities (Note 9)	114,816	97,097
	<u>574,510</u>	<u>483,536</u>
Less : Impairment losses	(972)	(973)
	<u>573,538</u>	<u>482,563</u>

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**9. Insurance contract liabilities**

	Note	30.06.2020			31.12.2019		
		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		443,972	(300,242)	143,730	421,965	(272,387)	149,578
Provision for IBNR claims and PRAD		245,279	(159,452)	85,827	185,847	(114,052)	71,795
Claim liabilities	(i)	689,251	(459,694)	229,557	607,812	(386,439)	221,373
Premium liabilities	(ii)	172,111	(114,816)	57,295	161,746	(97,097)	64,649
		<u>861,362</u>	<u>(574,510)</u>	<u>286,852</u>	<u>769,558</u>	<u>(483,536)</u>	<u>286,022</u>
<b>(i) Claim liabilities</b>							
At 1 January		607,812	(386,439)	221,373	593,693	(357,679)	236,014
Claims incurred in the current accident year		175,836	(126,104)	49,732	413,644	(287,711)	125,933
Adjustment to claims incurred in prior accident years due to changes in assumptions		(21,375)	8,882	(12,493)	(94,432)	45,091	(49,341)
Claims paid during the year (Note 11)		(73,021)	43,967	(29,054)	(305,093)	213,860	(91,233)
At 30 June 2020/31 December 2019		<u>689,252</u>	<u>(459,694)</u>	<u>229,558</u>	<u>607,812</u>	<u>(386,439)</u>	<u>221,373</u>

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9. Insurance contract liabilities (cont'd.)

	30.06.2020			31.12.2019		
	Gross	Reinsu-	Net	Gross	Reinsu-	Net
	RM'000	rance	RM'000	RM'000	rance	RM'000
		RM'000			RM'000	
<b>(ii) Premium liabilities</b>						
At 1 January	161,746	(97,097)	64,649	167,570	(95,779)	71,791
Premiums written in the year (Note 10)	198,898	(135,976)	62,922	390,607	(239,239)	151,368
Premiums earned during the year	(188,533)	118,257	(70,276)	(396,431)	237,921	(158,510)
At 30 June 2020/31 December 2019	<u>172,111</u>	<u>(114,816)</u>	<u>57,295</u>	<u>161,746</u>	<u>(97,097)</u>	<u>64,649</u>

As at 30 June 2020, the insurance contract liabilities above includes the Company's share of MMIP's claim and premium liabilities amounting to RM28,279,000 (2019: RM31,223,000) and RM1,961,000 (2019: RM2,324,000) respectively.



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10. Net earned premiums

	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000
<b>(a) Gross earned premiums</b>		
Gross written premiums	198,898	207,597
Change in premium liabilities	(10,365)	(5,395)
	<u>188,533</u>	<u>202,202</u>
<b>(b) Premiums ceded to reinsurers</b>		
Gross premiums ceded to reinsurers	135,976	126,818
Change in premium liabilities	(17,719)	(5,844)
	<u>118,257</u>	<u>120,974</u>
<b>Net earned premiums</b>	<u>70,276</u>	<u>81,228</u>

11. Net claims

	6 months period ended 30.06.2020 RM'000	6 months period ended 30.06.2019 RM'000
<b>(a) Gross claims paid</b>	(73,021)	(142,549)
<b>(b) Claims ceded to reinsurers</b>	43,967	92,169
Net claims paid (a)	<u>(29,054)</u>	<u>(50,380)</u>
<b>(c) Gross change in contract liabilities</b>	(81,439)	410
<b>(d) Change in contract liabilities ceded to reinsurers</b>	73,255	7,938
Net change in contract liabilities (b)	<u>(8,184)</u>	<u>8,348</u>
Net claims (a) + (b)	<u>(37,238)</u>	<u>(42,032)</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.

	<b>6 months period ended 30.06.2020 RM'000</b>	<b>2019 RM'000</b>
Profit attributable to ordinary equity holders	17,552	16,216
Number of ordinary shares in issue ('000)	103,348	103,348
Basic and diluted earnings per share (sen)	<u>16.98</u>	<u>15.69</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**

	<b>6 months period ended 30.06.2020 RM'000</b>	<b>2019 RM'000</b>
<b>Approved and paid:</b>		
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 2018	<u>-</u>	<u>10,001</u>
	<u>-</u>	<u>10,001</u>

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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:

	<b>6 months period ended 30.06.2020 RM'000</b>	<b>2019 RM'000</b>
<b>Eligible Tier 1 capital</b>		
Paid-up share capital	103,348	103,348
Reserves, including retained earnings	220,287	202,735
	<u>323,635</u>	<u>306,083</u>
<b>Tier 2 capital</b>		
Eligible reserves	<u>-</u>	<u>-</u>
Amount deducted from capital	<u>2,635</u>	<u>3,668</u>
<b>Total capital available</b>	<u>321,000</u>	<u>302,415</u>

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**15. Material litigation**

**(a) Update to the Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members**

On 22 February 2017, the general insurance subsidiary, the Company received a notice from the Malaysia Competition Commission ("MyCC") concerning a proposed preliminary decision ("Proposed Decision") which found that the Company and 21 other general insurance companies in Malaysia who are members of the General Insurance Association of Malaysia ("PIAM") had purportedly infringed one of the prohibitions under the Competitions Act 2010 ("CA") in Malaysia, pursuant to its investigation outcome in respect of the agreement entered into between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") concerning trade discount rates and agreed labour rates for PIAM Approved Repairer's Scheme workshops. These rates were subsequently approved and adopted by PIAM members including the Company.

The Proposed Decision suggests a financial penalty of RM3,608,530 on the part of the Company and a consolidated amount of RM213,454,814 on all the 22 members of PIAM. PIAM members have been given the opportunity to make their written representations with MyCC to defend their positions which had been done by the Company on 5 April 2017 and 29 January 2018.

Subsequently, a fresh hearing was held with the new Chairman of MyCC with the last submission having been made on 18 June 2019. The Company is now waiting for the decision on this matter.

To date, the Company in consultation with its legal counsel, has taken all necessary and appropriate actions to defend its position that it has not infringed Section 4(2)(a) of the CA and at all times maintain that the Company acted in accordance with the directives issued by Bank Negara Malaysia.

As at the date of the financial statements, there have been no further developments on this matter.

**(b) Tax dispute with the Lembaga Hasil Dalam Negeri ("LHDN")**

On 20 December 2018, the Company received Notice of Additional Assessment (Form JA) from the Lembaga Hasil Dalam Negeri ("LHDN") in respect of Years of Assessment ("YA") 2013 to 2015, wherein a sum of RM11.1 million of additional taxes and penalties was sought by the LHDN.

The Company is of the view given legal advice received that out of the RM11.1 million of additional taxes and penalties levied by the LHDN, RM10.7 million, being the disputed additional tax and penalties, is open to challenge and has hence, engaged tax solicitors to assist in challenging the said disputed additional tax and penalties imposed by the LHDN.

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**15. Material litigation (cont'd.)**

**(b) Tax dispute with the Lembaga Hasil Dalam Negeri ("LHDN") (cont'd.)**

On 11 January 2019, the Company filed an Affidavit to the High Court of Malaya ("High Court") to apply for a judicial review against LHDN's assessments. On 23 May 2019, the High Court granted the Company's application for judicial review with cost of RM5,000. The High Court ordered for the Notice of Assessment from LHDN to be amended to allow the deduction of PRAD expenses and dismissed the penalty imposed in relation to this issue. The High Court also granted a stay of proceedings against the payment of taxes on the other additional taxes and penalties levied by LHDN until the determination of the appeal before the Special Commissioners of Income Tax.

On 11 June 2019, LHDN filed a Notice of Appeal against the decision of the High Court. The Court has fixed the matter for Hearing on 12 November 2020. The Company's appeal against LHDN's assessment before the LHDN Special Commissioner is now fixed for Mention on 19 August 2020.

The insurance subsidiary and the Company had not recognised any liability in respect of the disputed additional tax and penalties in the financial statements, pending further developments of the case at the High Court, as they believe that there are strong grounds to argue their case, based on legal advice received.

**(c) On-going litigation with a foreign reinsurer ("the Reinsurer")**

The Company is the reinsured under a Reinsurance Contract for an Extended Warranty Programme ("EWP") for various models of vehicles. The Reinsurer had failed to remit their share of payment for claims paid by the Company under the EWP. Accordingly, the Company ("Plaintiff") has commenced legal action to recover certain amounts owed by the Reinsurer ("Defendant") under the Reinsurance Contract through its appointed solicitors. As at 31 March 2020, the amount owed by the Reinsurer amounted to RM12,281,000 of which RM4,036,000 has been impaired as disclosed.

On 29 January 2019, a writ of summons was filed with the High Court of Malaya, Kuala Lumpur ("High Court") to recover the non-disputed balances of RM2,822,000 from the Reinsurer. On 19 February 2019, the High Court granted leave to the Company to proceed with the service of Notice of Writ to be served out of jurisdiction to the Reinsurer in Hong Kong.

The Defendant has reverted to the Plaintiff's lawyers with some findings from the audit of the files carried out. The Plaintiff and its lawyer are responding to these findings.

The Court has fixed the matter for trial on 27-28 October 2021 and 1-3 November 2021. The matter is now fixed for case management on 7 September 2020.

As at the date of the financial statements, there have been no further developments on this matter, and the Company will continue to pursue recovery of the whole balance owed by the Reinsurer to its insurance subsidiary.