



TUNE INSURANCE MALAYSIA BERHAD

Registration No. 197601004719 (30686-K)

**CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

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

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Condensed statements of financial position
As at 30 June 2021 - unaudited

	Note	30.06.2021 RM'000	31.12.2020 RM'000
Assets			
Property and equipment		3,112	2,721
Intangible assets	6	6,378	2,209
Rights-of-use assets		3,983	4,441
Investments	7	496,995	520,875
Reinsurance assets	8	644,455	627,107
Insurance receivables		140,029	78,238
Other receivables		49,274	51,315
Tax recoverable		25,033	26,341
Deferred tax assets		1,623	1,337
Cash and bank balances		8,087	4,235
Total assets		1,378,969	1,318,819
Equity			
Share capital		103,348	103,348
Retained earnings		212,497	211,520
Equity attributable to owners of the parent		315,845	314,868
Total equity		315,845	314,868
Liabilities			
Insurance contract liabilities	9	907,111	895,201
Lease liabilities		4,152	4,570
Insurance payables		119,531	72,089
Other payables		32,330	32,091
Total liabilities		1,063,124	1,003,951
Total equity and liabilities		1,378,969	1,318,819

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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Condensed statements of comprehensive income
For the 6 months period ended 30 June 2021 - unaudited

		6 months period ended 30.06.2021 RM'000	6 months period ended 30.06.2020 RM'000
	Note		
Gross earned premiums	10(a)	170,899	188,533
Earned premiums ceded to reinsurers	10(b)	(115,517)	(118,257)
Net earned premiums	10	<u>55,382</u>	<u>70,276</u>
Investment income		3,576	10,743
Realised gains and losses		1,813	1,345
Fair value gains and losses		(9,747)	3,909
Fee and commission income		12,551	20,708
Other operating income		1,093	1,247
Other revenue		<u>9,286</u>	<u>37,952</u>
Gross claims paid	11(a)	(89,762)	(73,021)
Claims ceded to reinsurers	11(b)	63,984	43,967
Gross change to contract liabilities	11(c)	9,034	(81,439)
Change in contract liabilities ceded to reinsurers	11(d)	(627)	73,254
Net claims		<u>(17,371)</u>	<u>(37,239)</u>
Fee and commission expense		(14,133)	(19,949)
Management expenses		(27,371)	(30,908)
Other operating expenses		(1,836)	(41)
Finance cost		(125)	(122)
Other expenses		<u>(43,465)</u>	<u>(51,020)</u>
Profit before taxation		3,831	19,969
Taxation		(2,854)	(2,417)
Net profit for the period		<u>977</u>	<u>17,552</u>
Earnings per share attributable to owners of the parent (sen per share)			
Basic and diluted	12	0.95	16.98

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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Condensed statements of changes in equity
For the 6 months period ended 30 June 2021 - unaudited

	<---- Attributable to the owners of the parent ---->		
	Non Dis- tributable Share capital RM'000	Dis- tributable Retained earnings RM'000	Total equity RM'000
At 1 January 2021	103,348	211,520	314,868
Net profit for the year, representing total comprehensive income for the period	-	977	977
At 30 June 2021	103,348	212,497	315,845

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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Condensed statements of changes in equity
For the 6 months period ended 30 June 2021- unaudited (cont'd.)

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

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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Condensed statements of cash flows**For the 6 months period ended 30 June 2021 - unaudited**

	6 months period ended 30.06.2021 RM'000	6 months period ended 30.06.2020 RM'000
Profit before taxation	<u>3,831</u>	<u>19,969</u>
Adjustments for:		
Depreciation of property and equipment	547	615
Depreciation of investment property	-	-
Amortisation of intangible assets	604	447
Depreciation of right-of-use assets	876	854
Investment income	(3,576)	(10,743)
Gains on disposal of property and equipment	(6)	(1)
Realised gains and losses	(1,807)	(1,344)
Fair value gains and losses	9,747	(3,909)
Finance cost	125	122
Amortisation of investments	-	-
Allowance (write-back of)/for impairment losses of insurance receivables	(1,315)	327
Allowance for impairment losses on reinsurance assets	<u>146</u>	<u>-</u>
	<u>9,172</u>	<u>6,337</u>
Changes in working capital:		
Reinsurance assets	(17,494)	(90,974)
Insurance receivables	(60,476)	(55,262)
Other receivables	492	2,227
Insurance contract liabilities	11,911	91,803
Insurance payables	47,439	58,358
Other payables	<u>246</u>	<u>(2,985)</u>
Cash (used in)/generated from operating activities	(8,710)	9,504
Net interest received	520	658
Net dividend received	4,840	9,731
Rental received	-	-
Income tax paid	<u>(2,073)</u>	<u>(1,063)</u>
Net cash flows (used in)/generated from operating activities	<u>(5,423)</u>	<u>18,830</u>

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Condensed statements of cash flows

For the 6 months period ended 30 June 2021 - unaudited (cont'd.)

	6 months period ended 30.06.2021 RM'000	6 months period ended 30.06.2020 RM'000
Investing activities		
Purchases of FVTPL financial assets	(306,000)	(121,278)
Proceeds from maturities/disposals of FVTPL financial assets	311,711	107,098
Dividend reinvestment		
Movement in amortised cost	(752)	(280)
Proceeds from disposal of property and equipment	(2)	2
Purchase of property and equipment	(936)	(323)
Purchase of investment property		
Purchase of intangible assets	(4,773)	(557)
Net cash flows used in investing activities	(752)	(15,338)
Financing activities		
Payment of principal portion of lease liabilities	(961)	(944)
Dividends paid to non-controlling interests	-	-
Net cash flows used in financing activities	(961)	(944)
Net (decrease)/increase in cash and cash equivalents	(7,136)	2,548
Cash and cash equivalents at beginning of year	31,693	34,876
Cash and cash equivalents at end of year	24,557	37,424
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturity of less than three months) with licensed financial institutions	16,470	30,490
Cash and bank balances	8,087	6,934
	24,557	37,424

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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 2020.

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 2020.

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 Amendments to Standards which are mandatory for annual financial periods beginning on or after 1 January 2021 and which were adopted by the Company on 1 January 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16
Interest Rate Benchmark Reform - Phase 2

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

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:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment</i> — <i>Proceeds before Intended Use</i>	1 January 2022

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2. Changes in accounting policies (cont'd.)

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

Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts)</i> — <i>Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 3 <i>Business Combinations</i> <i>Reference to the Conceptual Framework</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</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.

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2. Changes in accounting policies (cont'd.)

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

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

Based on the Amendments to MFRS 17, the standard is effective for reporting periods beginning on or after 1 January 2023, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, as the Company have applied MFRS 9 and MFRS 15 before the date it first applies MFRS 17.

The Company have completed the assessment of the operational impacts of adopting MFRS 17 and are in the midst of implementing the relevant systems solution, architecture and processes in the upcoming financial years.

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 2021.

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2021.

5. Dividend paid

No interim dividend has been declared for the financial period ended 30 June 2021.

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6. Intangible assets

	30.06.2021	31.12.2020
	RM'000	RM'000
Computer software		
Cost		
At 1 January	10,308	8,205
Additions	4,773	2,103
At 31 December	<u>15,081</u>	<u>10,308</u>
Accumulated amortisation		
At 1 January	8,099	6,821
Amortisation	604	1,278
At 31 December	<u>8,703</u>	<u>8,099</u>
Net carrying amount	<u>6,378</u>	<u>2,209</u>

7. Investments

	30.06.2021	31.12.2020
	RM'000	RM'000
Debt securities	10,354	10,561
Investments in subsidiaries	-	-
(Note 7(c))	96,858	108,691
Unit trust funds	365,912	367,516
Loans	154	157
Fixed and call deposits with	-	-
licensed financial institutions	23,717	33,950
	<u>496,995</u>	<u>520,875</u>

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

Company	30.06.2021	31.12.2020
	RM'000	RM'000
Amortised cost (Note 7(a))	23,871	34,107
FVTPL financial assets (Note 7(b))	473,124	486,768
	<u>496,995</u>	<u>520,875</u>

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7. Investments (cont'd.)

(a) Amortised cost

	30.06.2021 RM'000	31.12.2020 RM'000
At amortised cost:		
Fixed and call deposits with licensed financial institutions	23,717	33,950
Loans receivable:		
Secured staff mortgage loans	149	154
Other unsecured staff loans:	5	3
	154	157
	<u>23,871</u>	<u>34,107</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

	30.06.2021 RM'000	31.12.2020 RM'000
At fair value:		
Investments in subsidiaries (Note 7(c))	96,858	108,691
Quoted unit and property trust funds in Malaysia	365,912	367,516
Unquoted debt securities in Malaysia	10,354	10,561
	<u>473,124</u>	<u>486,768</u>

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7. Investments (cont'd.)**(c) Investments in subsidiaries - collective investment schemes**

	30.06.2021	31.12.2020
	RM'000	RM'000
At fair value:		
Quoted collective investment schemes in Malaysia:		
FVTPL financial assets	96,858	108,691

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

Name	Principal activities	Registered in	% of ownership interest held by the Group	
			30.06.2021	31.12.2020
			%	%
Affin Hwang Income Fund I *	Investment in fixed income securities and money market placements	Malaysia	53.1	53.8

8. Reinsurance assets

	30.06.2021	31.12.2020
	RM'000	RM'000
Claim liabilities (Note 9)	555,928	556,555
Premium liabilities (Note 9)	91,923	73,802
	647,851	630,357
Less : Impairment losses	(3,396)	(3,250)
	644,455	627,107

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9. Insurance contract liabilities

	Note	30.06.2021			31.12.2020		
		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		492,378	(365,224)	127,154	517,465	(381,012)	136,453
Provision for IBNR claims and PRAD		271,850	(190,704)	81,146	255,797	(175,543)	80,254
Claim liabilities	(i)	764,228	(555,928)	208,300	773,262	(556,555)	216,707
Premium liabilities	(ii)	142,883	(91,923)	50,960	121,939	(73,802)	48,137
		<u>907,111</u>	<u>(647,851)</u>	<u>259,260</u>	<u>895,201</u>	<u>(630,357)</u>	<u>264,844</u>
(i) Claim liabilities							
At 1 January		773,262	(556,555)	216,707	607,812	(386,439)	221,373
Claims incurred in the current accident year		100,430	(65,273)	35,157	274,566	(179,338)	95,228
Adjustment to claims incurred in prior accident years due to changes in assumptions		(19,702)	1,916	(17,786)	43,760	(83,311)	(39,551)
Claims paid during the year (Note 11)		(89,762)	63,984	(25,778)	(152,876)	92,533	(60,343)
At 30 June 2021/31 December 2020		<u>764,228</u>	<u>(555,928)</u>	<u>208,300</u>	<u>773,262</u>	<u>(556,555)</u>	<u>216,707</u>

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9. Insurance contract liabilities (cont'd.)

	30.06.2021			31.12.2020		
	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	121,939	(73,802)	48,137	161,746	(97,097)	64,649
Premiums written in the year (Note 10)	191,843	(133,638)	58,205	322,569	(208,605)	113,964
Premiums earned during the year	(170,899)	115,517	(55,382)	(362,376)	231,900	(130,476)
At 30 June 2021/31 December 2020	<u>142,883</u>	<u>(91,923)</u>	<u>50,960</u>	<u>121,939</u>	<u>(73,802)</u>	<u>48,137</u>

As at 30 June 2021, the insurance contract liabilities above includes the Company's share of MMIP's claim and premium liabilities amounting to RM22,562,000 (2020: RM27,215,000) and RM1,254,000 (2020: RM1,614,000) respectively.

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10. Net earned premiums

	6 months period ended 30.06.2021 RM'000	6 months period ended 30.06.2020 RM'000
(a) Gross earned premiums		
Gross written premiums	191,843	198,898
Change in premium liabilities	(20,944)	(10,365)
	<u>170,899</u>	<u>188,533</u>
(b) Premiums ceded to reinsurers		
Gross premiums ceded to reinsurers	133,638	135,976
Change in premium liabilities	(18,121)	(17,719)
	<u>115,517</u>	<u>118,257</u>
Net earned premiums	<u>55,382</u>	<u>70,276</u>

11. Net claims

	6 months period ended 30.06.2021 RM'000	6 months period ended 30.06.2020 RM'000
(a) Gross claims paid	(89,762)	(73,021)
(b) Claims ceded to reinsurers	63,984	43,967
Net claims paid (a)	<u>(25,778)</u>	<u>(29,054)</u>
(c) Gross change in contract liabilities	9,034	(81,439)
(d) Change in contract liabilities ceded to reinsurers	(627)	73,254
Net change in contract liabilities (b)	<u>8,407</u>	<u>(8,185)</u>
Net claims (a) + (b)	<u>(17,371)</u>	<u>(37,239)</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	
	30.06.2021	30.06.2020
	RM'000	RM'000
Profit attributable to ordinary equity holders	977	17,552
Number of ordinary shares in issue ('000)	103,348	103,348
Basic and diluted earnings per share (sen)	<u>0.95</u>	<u>16.98</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. 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	
	30.06.2021	31.12.2020
	RM'000	RM'000
Eligible Tier 1 capital		
Paid-up share capital	103,348	103,348
Reserves, including retained earnings	<u>212,497</u>	<u>211,520</u>
	315,845	314,868
Amount deducted from capital	<u>(8,271)</u>	<u>(3,866)</u>
Total capital available	<u>307,574</u>	<u>311,002</u>

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14. 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, TIMB received a notice from the Malaysia Competition Commission ("MyCC") concerning a proposed decision ("proposed decision") which found that TIMB and 21 other general insurance companies in Malaysia who are all members of the General Insurance Association of Malaysia ("PIAM") had 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 the cap on the parts trade discount rates and minimum agreed labour rates payable by the insurers to the PIAM Approved Repairer's Scheme workshops. These rates were subsequently approved and adopted by PIAM members including TIMB.

Subsequent to MyCC's issuance of its proposed decision, PIAM and its 22 members including TIMB, were given the opportunity to make written representations in their defence and TIMB had on 5 April 2017 filed in its written representations with MyCC. TIMB's oral representations were presented before MyCC on 29 January 2018.

A fresh hearing was held following the appointment of a new Chairman of MyCC with the last of the parties' submission having been made on 18 June 2019.

Subsequently, TIMB had received a notice dated 25 September 2020 from MyCC informing TIMB of its decision dated 14 September 2020 wherein they have found that TIMB and 21 other members of PIAM had infringed Section 4 of the CA ("Decision").

The MyCC in its Decision had imposed a financial penalty of RM2,571,078 only on the part of TIMB and a consolidated amount of RM130,241,475 on all 22 members of PIAM, net of a 25% reduction granted on the final penalties after taking into consideration the economic impact arising from the Covid-19 pandemic. The MyCC had also granted the parties a moratorium period of six (6) months up to 24 March 2021 to pay the financial penalty imposed. The MyCC had also allowed the parties, including TIMB, to pay the financial penalty imposed by way of up to six (6) equal monthly instalments.

The MyCC had also directed TIMB to cease implementing the agreed parts trade discount and the hourly labour rate previously agreed upon with the workshops with immediate effect ("Cease and Desist Order"). All future parts trade discount rate and future hourly labour rates with the workshops would be negotiated independently.

TIMB in consultation with their legal counsel, is of the view that TIMB has not infringed Section 4 of the CA and has taken all necessary and appropriate actions to defend its position. Accordingly, TIMB has not made any provision, and has continued to disclose the matter as an on-going litigation until further development.

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14. Material litigation (cont'd.)

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

TIMB had filed its Notice of Appeal with the Competition Appeal Tribunal ("CAT") pursuant to Section 51 of the CA and had filed an application for a stay of the financial penalty with the CAT pursuant to Section 53 of the CA on 13 October 2020 and 14 October 2020 respectively.

On 23 March 2021, the CAT has allowed TIMB's application for a stay of the financial penalty. The CAT has also stayed the Cease and Desist Order.

The case management for the appeal proper has been fixed on 29 July 2021, and the appeal proper is fixed for hearing on 12, 15, 16, 19 and 26 November 2021.

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.

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 ordered 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 ("SCIT").

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14. Material litigation (cont'd.)

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

On 11 June 2019, LHDN file a Notice of Appeal against the decision of the High Court. The appeal was subsequently withdrawn and a consent order was entered at the Court of Appeal on 13 November 2020 stating:

- (a) the PRAD expenses are allowed for deduction for income tax purposes;
- (b) LHDN will issue the Notices of Reduced Assessment for the Years of Assessment 2013, 2014 and 2015 within 90 days of the date of the order;
- (c) the consent order applies only to this case;
- (d) the High Court order dated 23 May 2019 is affirmed; and
- (e) no order as to cost.

With this, the total amount currently on appeal before the SCIT is RM3.5 million. The hearing of the Company's appeal before the SCIT which was fixed for hearing on 4 to 5 May 2021 was postponed and is now fixed for mention on 5 August 2021.

The Company had not recognised any liability in respect of the disputed additional tax and penalties, pending further developments of the appeal before the SCIT, as they believe that there are strong grounds to argue their case, based on legal advice received.

**Tune Insurance Malaysia Berhad
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14. Material litigation (cont'd.)

(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 has commenced legal action to recover certain amounts owed by the Reinsurer under the Reinsurance Contract through its appointed solicitors.

On 29 January 2019, a writ of summons was filed with the 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 TIMB to proceed with the service of Notice of Writ to be served out of jurisdiction to the Reinsurer in Hong Kong. The Reinsurer however proceeded to dispute this amount subsequently in June 2020.

As at 30 June 2021, the net amount owed by the Reinsurer increased to RM10.9 million, with an additional Reinsurance Assets exposure of RM3.4 million. Full impairment has been provided for both of these balances.

The Court has fixed the matter for case management on 2 July 2021 and trial on 27 to 28 October 2021 and 1 to 3 November 2021.

As at the date of the interim 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.